

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

Its aims

- To provide a regular 'income' which you take or reinvest in the bond.
- To increase the value of your investment over the longer term.

Your commitment

- To invest a lump sum payment of £3,000 or more, if you want to reinvest the income.
- To invest a lump sum payment of £5,000 or more (£10,000 or more for some funds), if you want to take the income.
- To see your bond as an investment for at least five years although you can cash it in whenever you wish.

Risk factors

- We don't guarantee what you'll get back in the future as this depends on how well the investments perform. The value of the bond and any income from it can go up and down. You could get back less than you've paid in.
- When you cash in your bond, you may get back less than your illustration shows. This could happen for several reasons, for example if:
 - investment performance is lower than shown,
 - our charges are higher than shown,
 - you take out more money than shown.

- Some funds carry a higher level of risk than others. *Please see our Income Distribution Bond brochure for more details.*
- If you cash in all or part of your bond within five years of making an investment or additional investment, we'll make a charge.
- 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 Provident Income Distribution Bond?

- It's an investment that provides a regular income. You can take the income or reinvest it automatically.
- It also aims to increase your investment over the longer term.
- It includes a small amount of life cover.
- You can set it up on your own life, on another person's life or jointly on both your lives.



Questions and answers

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How flexible is it?

- You can choose to take the income or to reinvest it in your bond:
 - If you decide to reinvest the income, you must invest £3,000 or more. You can pay in further amounts of £3,000 or more at any time.
 - If you decide to take the income, how much you need to invest depends on the fund you choose. If you choose the Equity Income Fund you need to invest £5,000 or more. You can pay in further amounts of £5,000 or more at any time.

If you choose any of the other distribution funds you must invest £10,000 or more to be able to take the income. You can then pay in further amounts of £10,000 or more at any time.

- You can cash it in at any time.
- You can take regular withdrawals.
- You can take occasional withdrawals.
- For even greater flexibility, you can set up your bond as a cluster of several identical policies. This means you could cash in some policies and keep the others going.

What might I get back?

- You'll get back the value of the bond at the time you decide to cash it in.
- The value will depend on several things. For example, how long you invest for, how well the investments perform, our charges and what income or withdrawals you take. We don't guarantee the value 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?

- You can set up the bond so we pay a regular income to your bank or building society account, or have it reinvested in your bond. The income is not a fixed amount. It can go up and down. We pay the income monthly, quarterly or half-yearly depending on which fund you choose. *Please see 'Where is my payment invested?' for more information.*

- Or you can reinvest the income and take regular withdrawals of a fixed amount. You choose how much (minimum £40 each payment) and how often (every month, quarter, four months, half-year or year). We'll stop the withdrawals if the cash-in value left falls below £2,000.
- You can cash in your bond in full.
- You can cash in your bond in part (minimum £250 each payment), provided the cash-in value left isn't below £2,000.
- Whenever you take money out, the value of your bond will reduce.
- If you cash it in during the early years you may get back less than you've paid in.
- We'll make a charge if, within five years of making an investment or additional investment, you cash in more than 7.5% of that investment into the bond. We call this a discontinuance deduction. *Please see page 3 for more information.*
- We give example cash-in values in the illustration.

Where is my payment invested?

- We invest part of your payment in the fund you choose and use part to cover charges. For many investors, we'll invest all of your payment in your chosen fund.
- We offer a range of funds managed by our investment specialists, F&C Asset Management plc. We also offer the opportunity to invest in funds managed by other fund management companies including a MultiManager Fund. *Please see our Income Distribution Bond brochure for more details.*
- The Income Distribution Bond is a unit-linked bond. We divide each fund into units and your payment buys units in the fund 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 prices go up and down, so will your bond value.
- If you cash in your bond in full or part, or take regular withdrawals, we'll cash in units to make the payments.
- In times of market uncertainty you can switch your money temporarily to our Cash Fund. Or you can switch between other funds available. The first 12 switches in each bond year currently are free. We charge £15 for each extra switch.

What happens to the bond if I die?

- If you set the bond up on your life, the bond will end if you die. We'll pay a lump sum equal to 101% of the bond value at your death.
- You can set up the bond on two lives, so it continues after the first death. We'll pay 101% of the bond value on the second death only and the bond will then end.
- If you write the bond in trust, we'll pay the death benefit to the trustees.
- The death benefit isn't a guaranteed amount. It depends on the value of units.

What are the charges?

- We charge for managing your bond and the investments. We take charges in the following ways:
 - as a deduction from your payment of up to 3.5% depending on your age and how much you pay. For many investors, for example those aged under 70 investing £5,000 or more or those aged over 75 investing £20,000 or more, there is no deduction.
 - as an annual management charge out of your unit value over the lifetime of your bond, *please see our Income Distribution brochure for more details.*
 - as an administration charge out of your unit value (we cancel units monthly for five years following the making of an investment or additional investment at a rate of 1% a year),
 - as a discontinuance deduction from your unit value (we take this if you cash in units within five years of making an investment or additional investment).
- We express the discontinuance deduction as a percentage of the value of units you cash in:

Year units cashed in:	1	2	3	4	5
Deduction (%):	8	7	5	4	2
- We don't apply the discontinuance deduction to income distributions.
- In any bond year, you can take regular or occasional withdrawals up to 7.5% of the total payments into your bond without incurring this deduction.
- Your illustration shows our charges and the effect charges and expenses have on reducing the value of your bond over its lifetime.

What about tax?

- We pay tax on income and capital gains within the funds.
- Under current tax rules, you're not liable to basic rate income tax or to capital gains tax on your bond.
- When you cash in some or all of your bond, or take income or regular withdrawals, you may be liable to higher rate 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.
- Tax rules may change.

Can I change my mind?


- You have a right to change your mind. We'll remind you of this right by post when we set up your bond. You can cancel your bond up to 30 days after you get our reminder.
- If you decide you don't want the bond, let us know in writing within the 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 at Friends Provident, PO Box 1550, Salisbury SP1 2TW but please remember to include your full name and address and state that you wish to cancel your Income Distribution Bond.
- 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 phone us, send a fax or e-mail, or write to us.

 Call us on **0870 607 1352** at the following times:
Monday to Friday between 8am and 8pm
Saturday between 9am and 1pm.

We may record calls to improve our service.

 Fax us on **0870 531 4151**

 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 income or 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 at Friends Provident, PO Box 1550, Salisbury SP1 2TW. 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

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 Income Distribution Bond. It doesn't 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'll write and explain if this happens.

Law

- The law of England and Wales will apply unless your bond documents show otherwise.

Language

- Our bond documents and terms and conditions are in English and all our other communications with you will be 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.
- You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It will depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Services Authority or from the Financial Services Compensation Scheme.

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 0870 608 3678

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Printed on Greencoat Plus Velvet paper made from 80% recycled fibre



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