keyfacts®

KEY FEATURES

OF THE INVESTMENT BOND

Important information you need to read

SCOTTISH WIDOWS

IMPORTANT INFORMATION

THE INVESTMENT BOND IS PROVIDED BY CLERICAL MEDICAL. ALL COMMUNICATIONS AND INFORMATION RELATING TO YOUR BOND WILL COME FROM SCOTTISH WIDOWS. SCOTTISH WIDOWS AND CLERICAL MEDICAL ARE PART OF THE LLOYDS BANKING GROUP.

THE FINANCIAL CONDUCT AUTHORITY IS A FINANCIAL SERVICES REGULATOR. IT REQUIRES US, CLERICAL MEDICAL, TO GIVE YOU THIS IMPORTANT INFORMATION TO HELP YOU DECIDE WHETHER OUR INVESTMENT 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. THESE KEY FEATURES SHOULD BE READ WITH THE ENCLOSED ILLUSTRATION.

ITS AIMS

To either:

- provide capital growth and/or income over the medium to long term (at least five to ten years), or
- allow regular withdrawals or income to be taken from the bond to top up your income, should you wish to do so.

YOUR COMMITMENT

- You must make a single investment of at least £10,000.
- There's no set investment period for the bond. It has been designed as a medium to long-term investment (ideally at least five to ten years) though you can keep it for as long as you want.

RISKS

- What you get back isn't guaranteed. It would be lower than illustrated if, for example:
  - investment performance is lower
  - the charges are higher
  - regular withdrawals are greater.
- The value of your bond can go down as well as up and you could get back less than you invested.
- Under the Withdrawal Charge option, if you cash in all or part of your bond within five years of making the first investment or within five years of making any additional investment to it, you may have to pay an early withdrawal charge and you may get back less than you invested. Please see your illustration and the 'What are the charges?' section of these key features for details.
- If any withdrawals are taken from the bond, they could be greater than any growth achieved and this could reduce its value to below the amount you originally invested.
- The value of your bond will be reduced if the charges exceed the amount of growth in the investment funds in which your bond is invested.
- The bond can invest in a range of investment funds that carry different types and levels of risk. Please see the Scottish Widows Investment Solutions and Clerical Medical Life Funds Investor's Guide (reference 52034) for more details.
- In certain circumstances, there may be a delay in cashing in all or part of your bond or switching between investment funds. This delay could be up to a month but if you are invested in the UK Property Fund, or any fund that invests partly in property, we may postpone the payment/switch for up to six months. This is because these assets can be less easy to sell than stocks and shares. A property valuation is a matter of judgement by a valuer.
- The current law and tax rules may change.
- If you change your mind within 30 days of receiving your cancellation notice and the value of your bond has fallen, the amount returned will be less than was originally invested.

QUESTIONS & ANSWERS

WHAT IS THE INVESTMENT BOND?

- It's a lump sum investment that can provide you with capital growth potential or an income over the medium to long term (typically a period of at least five to ten years).
- The bond is issued as separate policies for tax planning purposes. When you make an investment to your bond, your investments are applied equally across each policy.

WHO IS ELIGIBLE?

- You must be at least 18 years old to apply for an Investment Bond.
- You can set your bond up to cover the life of one person or up to six people. If you take the bond out on more than one life, at least one person must be 80 or under (and all parties aged 98 or less) when you take out the bond. The bond will end when the last person dies.
- Where you take out a bond with someone else, you are the joint owners and we will always need both signatures on any instruction. If one of you no longer has an interest in the bond, a formal assignment will be required to change the ownership.
- The bond is available only to applicants resident in the UK.

HOW FLEXIBLE IS IT?

- You can invest for as long as you want, although the bond is designed to be held for at least five to ten years.
- Currently you can add to your Investment Bond with minimum investments of £1,000.
- With the exception of our income distribution funds, you can invest in more than one fund.
- There is a range of ways you can take withdrawals.
- If you wish, you can choose to have up to 600 individual policies (in multiples of 100) rather than the usual 100 policies.

WHERE IS THE INVESTMENT BOND INVESTED?

- You can choose from a wide range of funds, including those designed for capital growth or to provide income distributions. The range includes those managed by fund managers who are not part of the Lloyds Banking Group.
- Please see the Scottish Widows Investment Solutions and Clerical Medical Life Funds brochure for more details.
- The range of available funds in which to invest may change and restrictions may apply.
- Each of the funds is made up of units. Your investment is used to buy units in the fund(s) you choose.

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Units

'Units' are like shares of the fund.

The price of each unit depends on the value of the investments held by the fund, and the number of units in it.

CAN I CHANGE FUNDS?

- You can switch between funds and the first 12 switches in any year are free. Thereafter there may be a charge for switching. You can ask to do this at any time, however, in certain circumstances, there may be a delay. This is subject to minimum investment limits and the availability of funds in which to invest.
- If you're invested in one of the income distribution funds, the whole of your investment must be in that one fund so if you wish to switch funds, you must switch the whole of your investment.

WHAT MIGHT I GET BACK?

- Your illustration gives you an idea of what you might get back but this isn't guaranteed.
- When you cash in your bond you'll get back the value of the units you have in the bond at that time, less any early withdrawal charge, if applicable.

- The amount you receive will depend on:
  - the amount you invest
  - how long the bond is invested
  - the investment performance of the funds you choose
  - the charges
  - any income distributions or withdrawals you take.
- Remember that the effect of inflation will reduce the future buying power of what you get back.

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Inflation

The effect of inflation reduces the value of money over time, as the following example illustrates:

	The value of £1,000, assuming inflation is 3% each year
Today	£1,000
After 10 years	£744
After 20 years	£553

CAN I WITHDRAW PART OF MY INVESTMENT?

You can arrange to take one-off withdrawals and/or regular withdrawals at anytime. If you have chosen the Withdrawal Charge option, the maximum amount you can take, free of any early withdrawal charge, is 7.5% per year of the total amount invested in any individual policy. If you withdraw more than 7.5% of any individual policy per year and the withdrawal occurs within 5 years of making the initial investment or within 5 years of making any additional investment, we will make an early withdrawal charge. Please refer to your illustration for details of how much of an early withdrawal charge you will have to pay.

Please remember the 7.5% limit includes regular withdrawals and any one-off withdrawals you may make.

We recommend that you speak to your financial adviser before opting to take any withdrawals (especially those over 7.5%) to consider the tax consequences of any such withdrawal and whether an early withdrawal charge will apply. Please see 'What about tax' on page 5 for more details.

Taking regular withdrawals

Regular withdrawals are made by encashing units evenly across all the policies that make up your bond. The withdrawals will be paid directly into your bank account.

The minimum amount you can withdraw is £240 per year, and this can be divided into regular payments either:

- monthly
- quarterly
- four-monthly
- six-monthly
- yearly.

We can make the payments on any day of the month from the 1st to the 28th. Please note that it may take up to seven days, from the date you choose, to clear into your account.

You can choose to withdraw:

- a fixed amount each year – the amount paid will not change unless you give us new instructions
- a percentage each year of your total cash investment amount – the amount paid will not change unless you make an additional investment or give us new instructions.

Regular withdrawals are treated as a withdrawal of capital for tax purposes. You should be aware of the tax implications. Your financial adviser can give you further details.

We will only make payment to the legal owner of the bond.

Taking one-off withdrawals

One-off withdrawals will be made by encashing units evenly across all the policies that make up your bond. However one-off withdrawals can also be taken by encashing individual whole policies if you instruct us to do so. As any early withdrawal charge is calculated on each policy encashed, any charge may be higher than if units are encashed evenly across all policies.

Please see the leaflet "Investment Bond – Taking a lump sum from your bond" (reference 52354) for further details on taking withdrawals from your bond.

- The minimum withdrawal is currently £1,000
- The minimum amount that can remain in a bond is £1,000
- We will only make payment to the legal owner of the bond.

Income distributions

- You can choose to receive income distributions monthly or every six months (on 18 February and 18 August). If you choose monthly, the first payment will be made on the next income distribution date and monthly thereafter.
- Please see the Scottish Widows Investment Solutions and Clerical Medical Life Funds brochure for more details on our range of income distribution funds.
- The whole value of your bond must be invested in the chosen fund.
- Where an existing investment is in one of the income distribution funds, then any additional investment must go into the same fund.

WHAT HAPPENS IF I DIE?

What happens to the bond depends on how you set it up.

- If you've set up the bond on one life only, the bond will end and 101%* of the value of the bond on the day after we receive written notification of the death will be paid.
- If you've set up your bond to cover the lives of more than one person, 101%* of the value of the bond on the day after we receive written notification of the death will be paid on the death of the last person.

* 100% if you, or the youngest person covered, was aged 80 or over when an investment was received.

- If you set up your bond in trust, the death benefit will be paid in accordance with the trustees' instructions.

Accidental death benefit

- If you (or the last person for bonds covering more than one life) die as a direct result of an accident, the amount paid out will be increased to 110% of the value of units regardless of age when any investment was received.
- Your policy provisions give you full details of this benefit and the exclusions that apply.

WHAT ARE THE CHARGES?

- We make charges to cover the costs of administering your bond and managing your investments.
- We may take our charges partly from your investment(s), and partly from the value of the bond.
- The Investment Bond is currently offered with two different charging structures – Withdrawal Charge option and Initial Charge option – your financial adviser will explain these.
- Your illustration will show the current charges.
- We can increase most of the charges we make if:
  - a tax rule or law change significantly increases our costs or significantly decreases our income from charges; or
  - there are exceptional circumstances which we could not reasonably have foreseen resulting in either our costs being significantly more, or our income from charges being significantly less, than we anticipated.

  We will give you three months' notice if we increase our charges.
- If you've invested in fund(s) managed by other fund managers, they may change any charges they make.
- There is an effective annual fund charge which may vary between funds.
- Under the Initial Charge option we deduct a charge (the initial charge) from your investment before it is invested in the Bond – please see your illustration for more details.
- For the Withdrawal Charge option an early withdrawal charge will apply during the first five policy years of making the first investment or within five policy years of making any additional investment to your bond. A policy year means a year starting on the Start Date of the Policy or an anniversary of the Start Date.

  Every year you can withdraw up to 7.5% (including regular withdrawals) of the amount invested in any individual policy free of any early withdrawal charge. The charge will be calculated as a percentage of the amount withdrawn over and above the 7.5% and is deducted before payment. Please see your illustration for more details.

  There is no early withdrawal charge for the Initial Charge option.

LARGE FUND BONUS

There is a reward for investing larger amounts in the form of an annual large fund bonus. This enhancement is calculated based on the value of your bond – see your illustration for more details.

WHAT ABOUT TAX?

- This is only a general tax summary and your liability to tax depends on your personal circumstances. Tax rules and your circumstances may change in the future.
- The proceeds of your bond are payable free of any personal liability to income tax at the basic rate. However, there may be an income tax charge at the difference between the basic rate and higher rate(s) of income tax if you're a higher rate or additional rate taxpayer when a gain arises or if the gain results in you becoming a higher rate taxpayer. A gain may arise in the following circumstances:
  - if income distributions or withdrawals in any year exceed 5% a year of the amount invested in any individual policy
  - if the cumulative total of all withdrawals exceeds 100% of the amount invested in any individual policy
  - if the bond pays out when someone dies
  - an assignment (transfer of ownership) of your bond or individual policies for money or money's worth
  - if you cash in the whole of your bond or individual policies.
- The value of your bond may form part of your estate for inheritance tax purposes.
- Any gain can reduce your entitlement to the personal allowance or age-related personal allowances.
- Your bond may affect your eligibility for pension credits and other state benefits.
- Special considerations apply to bonds in trust. Your financial adviser will be able to give you further information about this. If your bond is in trust, any payments from the bond will be made to the trustees.
- It's recommended that you discuss your personal tax position with your financial adviser before making any withdrawals from your bond.
- Clerical Medical pays corporation tax on the investment income and capital gains of the funds in which the bond invests. You can't reclaim the tax we pay.

CAN I CHANGE MY MIND?

- You can change your mind within 30 days from when you receive your cancellation notice. If you don't want the bond you'll need to tell us in writing and we'll give you your money back less any fall in its value.
- If you don't cancel, the Investment Bond will continue.

HOW WILL I KNOW HOW MY INVESTMENT BOND IS DOING?

- You'll be sent a yearly statement to show how your bond is doing.
- You can check the unit prices of your funds on **www.scottishwidows.co.uk**
- You can also contact our customer helpline by telephoning **0800 592925**. Lines are open Monday to Friday 8.30am to 6pm. (Your call may be recorded.)

OTHER INFORMATION

HOW YOU CAN CONTACT US

If you've any questions, or any changes you want to make to the bond, please contact us. You can phone us, send us a fax or write to us.

Call us on **0800 592925** during the following times:

Monday to Friday 8.30am – 6pm

We may record and monitor calls to help us improve our service.

Office address: Scottish Widows, PO Box 28117
15 Dalkeith Road, Edinburgh EH16 9AN

We'll communicate with you in English.

LAW

- The law of England and Wales will apply.
- This information represents our interpretation of the law and HM Revenue & Customs practices as at the date of publication. Changes to tax rules and other laws may affect your contract terms.

HOW TO COMPLAIN

If you ever need to complain, please call us on **0800 592 925** during the following times:

Monday to Friday 8.30am – 6pm

Alternatively, you can write to our Customer Relations Department at:

Scottish Widows, 15 Dalkeith Road
Edinburgh EH16 5BU

If you're not satisfied with our response you can complain to the Financial Ombudsman Service at

Exchange Tower,
London E14 9SR

Telephone **0800 023 4567**

Website **http://www.financial-ombudsman.org.uk**

Email **complaint.info@financial-ombudsman.org.uk**

Complaining to the Ombudsman won't affect your legal rights.

TERMS AND CONDITIONS

- These key features, together with your illustration, give a summary of the Investment Bond. Further details of the benefits, charges and conditions of the bond are given in the product literature and in the Policy Provisions, which are available from us.
- We may change some of the terms and conditions at any time. We'll write to you if this affects your bond.

FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

Your bond with Scottish Widows is fully covered by the Financial Services Compensation Scheme. More information about compensation arrangements is available from the FSCS who can be contacted on: **0207 741 4100** or **0800 678 1100** or via their website at: **www.fscs.org.uk/contact us**

Protected

Clerical Medical is a trading name of Scottish Widows Limited. Scottish Widows Limited is entered on the Financial Services Register and its register number is 181655.

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