



# INVESTMENT BOND

INCOME AND GROWTH, ALL IN ONE BOND

**SCOTTISH WIDOWS**

PAGE 1

## INVESTING

GROWTH, INCOME OR A COMBINATION OF THE TWO?

WHAT IS A BOND?

THE INVESTMENT BOND AT A GLANCE

PAGE 2

## FINDING A BALANCE

INVESTING FOR GROWTH

INVESTING FOR INCOME

PAGE 3

## THERE MAY BE SIGNIFICANT TAX BENEFITS

PAGE 4

## FUTURE CHANGES

## NEXT STEPS

PAGE 5

## YOUR IMPORTANT QUESTIONS ANSWERED

---

### CONTACT US

Call us on 0800 592925 during the following times:  
Monday to Friday 8.30am to 6.00pm.

We may record telephone conversations to offer you additional security, resolve complaints and improve our service standards. Conversations may also be monitored for staff training purposes.

Website: [www.scottishwidows.co.uk](http://www.scottishwidows.co.uk)

Write to us at our administration head office:  
Scottish Widows, PO Box 28117, 15 Dalkeith Road, Edinburgh EH16 9AN



## INVESTING

---

### GROWTH, INCOME OR A COMBINATION OF THE TWO?

Investing for the future is important. But many of us also want to enjoy our money today. The key is to find the balance between the two.

Our Investment Bond gives you the flexibility to invest for capital growth, an income or both. Although it's worth noting that the more income you take, the smaller any growth potential will be. It lets you access your investment in a way that suits you. It also offers you a wide range of carefully selected funds, so you can select the ones that suit your plans for the future and your attitude to risk. It's your choice.

**If you are unsure about anything in this brochure, please speak to your financial adviser. You may be charged for any advice that you are given and your financial adviser will tell you this cost.**

### WHAT IS A BOND?

A bond is a lump sum investment that can provide you with capital growth potential and/or an income over the medium to long term (ie at least five to ten years). Your investment buys units in one or more funds that match your own needs and attitude to risk. You can allow any investment growth to remain within the bond, or take a regular income by making withdrawals. The bond is issued as a series of separate policies for tax planning purposes.

#### THE INVESTMENT BOND AT A GLANCE

- Minimum initial investment: £10,000
- Minimum additional payments: £1,000
- A wide range of investment funds to choose from
- Regular or one-off withdrawals available
- Easy (and currently free) switching between funds
- Tax advantages
- Available on a single or joint life basis

## FINDING A BALANCE

---

OUR INVESTMENT BOND ALLOWS YOU TO SHAPE YOUR INVESTMENT ACCORDING TO YOUR OBJECTIVES.

### INVESTING FOR GROWTH

The Investment Bond offers you a choice of funds from a number of well-established fund managers, giving you variety and the chance to spread your risk. Our funds and fund managers have been carefully selected in accordance with our strict criteria, so you can be confident when investing in our funds.

Please speak to your financial adviser for more information on the range of available funds.

You can restructure your investment by switching between funds. This means you can react to changes in your life or market conditions, and you can try to take advantage of potential growth opportunities. Currently, switches are free. You have no capital gains tax liability as a result of any switches and you don't need to make any declarations on your annual tax self-assessment return.

It's important to note that the value of your investment and any income from it can go up and down as a result of market movements, and you may get back less than you invested.

### INVESTING FOR INCOME

It's your bond, and we believe you should be free to draw on it when you need it. And how you receive it is up to you. You can:

- make one-off withdrawals
- make regular withdrawals on a monthly, quarterly, four monthly, six-monthly or annual basis
- change the amount or frequency of your regular withdrawals at any time
- make withdrawals from specific funds if you need to.

There's no top limit to how much you can withdraw, but you'll need to leave at least £1,000 in your bond for it to remain open.

Please bear in mind that withdrawals will reduce the amount you have left in your bond.

You can also choose to invest in our range of income funds. These funds give you the option of receiving income withdrawals monthly or every six months. Your financial adviser can tell you more.

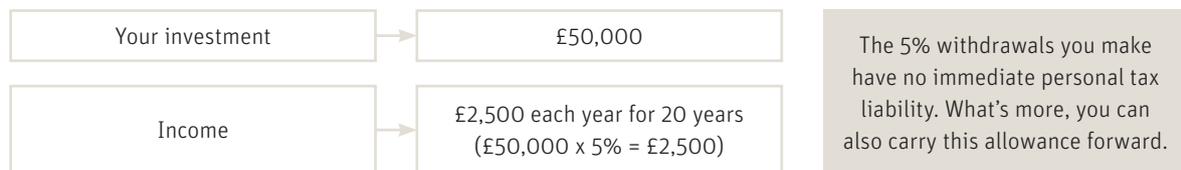
It's also important to note that the value of your investment and any income from it can go up and down as a result of market movements. You may get back less than you invested.

All withdrawals are treated as a withdrawal of capital for tax purposes. You should speak with your financial adviser before opting to take withdrawals to consider whether any early withdrawal charge may apply and any potential tax consequences.

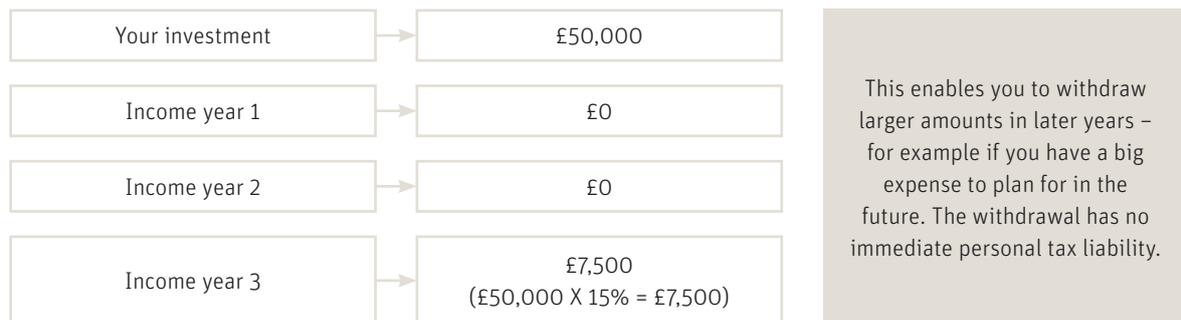
## THERE MAY BE SIGNIFICANT TAX BENEFITS

Under current tax rules, you can withdraw up to 5% of your total investment in any individual policy each year without triggering an immediate personal income tax charge. If you don't use it, you can carry forward this allowance to future years. This means you can defer the potential payment of tax to a time that is most suitable to you.

### Example – regular withdrawals



### Example – carrying forward your 5% withdrawal allowance



Because you can withdraw an income from your total investment, you don't have to rely on growth or investment returns, which can go up and down, to provide you with an income. This gives you more comfort that your investment can provide the income you want. However, if the level of income withdrawals exceeds any investment growth achieved, then the value of your total investment will be eroded.

Currently, you may receive 5% withdrawals each year (for up to 20 years) without incurring any immediate personal liability to income tax. This applies even if you pay income tax at the higher or additional rates.

You may incur a liability to higher or additional rate income tax in some circumstances. For example, if you withdraw more than your available allowances, or if you cash in all or part of your bond, or if there is a death claim.

If you're aged 65 or over, you can currently benefit from age-related income tax personal allowances unless your income is too high to qualify. Our Investment Bond can help here, as any withdrawals up to the 5% limit do not affect these valuable allowances. Also, if your total income is over £100,000 a year, your personal allowance can now be reduced or lost. Our Investment Bond can help here, as any withdrawals up to the 5% limit don't count towards total income.

There are other potential tax advantages that may benefit you. For instance, your bond can be transferred to a trust for your family in order to manage inheritance tax, which could be useful in estate planning.

If you wish to maximise the tax advantages of the Investment Bond, we recommend you contact your financial adviser. Please be aware that the value of any tax benefits depends on your individual circumstances and tax rules, both of which may change.

## FUTURE CHANGES

---

WHAT YOU NEED TOMORROW MAY BE VERY DIFFERENT TO WHAT YOU NEED TODAY.

For instance, your children may be heading off to university, so you might feel the need to access your investment more readily. Or you might find that on reaching retirement you want to take a more cautious approach to your investments. If your circumstances change, our Investment Bond gives you the freedom to change your investment with it. You can:

- switch between funds if you want to reduce risk or take a more adventurous approach
- change your income level. You can change the amount of withdrawals that you take from your bond at any time. You can also choose to switch into or out of the income distributing funds, currently without charge.

Our Investment Bond aims to provide a simple solution to balancing your medium to long-term investment needs. It gives you the flexibility to shape your investment, making your choices simple and straightforward.

## NEXT STEPS

---

BEFORE YOU TAKE YOUR NEXT STEPS, YOU NEED TO CONSIDER THESE SIMPLE CHOICES:

- How much do you want to invest?
- Do you need your investment to provide you with an income?
- What are your investment objectives? You'll need to discuss these with your financial adviser so you can decide which fund or combination of funds fit with your needs.

Your financial adviser will be able to provide you with a personal illustration along with the Key Information Document(s) (KIDs) and Additional Information Document (AID). These will give you more details on the Investment Bond and an indication of what you might get back, as well as detailing the charges involved. Once you've read these, and if you think the Investment Bond is for you, please talk to your financial adviser about making an application.

## YOUR IMPORTANT QUESTIONS ANSWERED

---

### **What are the charges?**

We charge for managing and investing your Bond. We take charges from the value of your Bond and may take some from your investments. Please see your personal illustration and the Key Information Document(s) (KIDs) and Additional Information Document (AID) for more details.

Charges, limits and terms may change in the future, but we'll try to let you know in advance before any changes are made.

### **How will I know how my bond is doing?**

We'll send you yearly statements and you can ask for an update at any time.

Or you can contact our customer service desk on 0800 592925. Monday to Friday 8.30am to 6.00pm.

We may record your call for quality and training purposes.

### **Where is my money invested?**

You can choose from a wide range of funds. The funds invest a range of stocks and shares, government stocks and commercial property in the UK and overseas. Each fund is made up of units and we use your investment to buy units in the fund(s) you choose. For more information on the available funds, contact your financial adviser.

### **Can I change my mind?**

Yes, you can change your mind within 30 days from when you get your plan documents. Please bear in mind that if you decide to cancel we'll give you your money back less any fall in the value of your investment.

### **What happens if I die?**

If your bond comes to an end when you die (or the last of the lives assured depending on how your bond is set up) we'll pay out 101% of its value. If you, or the youngest life assured, were age 80 or more when an investment was made, the amount paid reduces to 100%.

If you (or the last person depending on how your bond is set up), die as a direct result of an accident, we'll increase the amount to 110% of the value regardless of age when the Bond was set up. Your policy provisions will give you full details of this 'accidental death benefit'.

Your bond will be set up to end when the last person dies.

### **Who can I contact?**

If you have any questions about our Investment Bond, or you need any additional help, please contact your financial adviser.

Scottish Widows Limited. Registered in England and Wales No. 3196171. Registered office in the United Kingdom at 25 Gresham Street, London EC2V 7HN.  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 181655.

SW58066 01/18

