

# **International Bond Life Assurance Option**

## **Policy Provisions from Standard Life International**

This document explains the legal terms and conditions of your International Bond contract with Standard Life International.

Please read and keep for future reference.

**Standard Life** 

## Introduction to your International Bond Policy Provisions

Standard Life International is a life assurance company established and authorised in Ireland, and a member of the Phoenix Group. It is regulated by the Central Bank of Ireland. Standard Life International is a Category A Insurance Permit holder with the Jersey Financial Services Commission.

The document attached to this introduction contains the legal terms and conditions that govern our relationship when you purchase the International Bond - Life Assurance Option (your Bond) from us. Throughout this document, any reference to "International Bond" or "Bond" shall mean "International Bond - Life Assurance Option". Please note that this document should be read with the Key Features Document, the Key Information Document and any relevant Investment Documentation. This document does not cover the tax rules that apply to your Bond so you should speak to your Financial Adviser and obtain independent tax advice.

You should also read these Policy Provisions with your Policy Schedule. These two documents form together the terms and conditions of your Bond.

Your Bond is a single Payment life assurance contract which is sold by an Irish authorised life insurance company to which additional single Payments may be accepted by us from you. It is made up of a number of separate life insurance Policies, each one identified by its own reference number. Each separate Policy is Linked to an identical mix of investments at the Start Date and is evidence of a contract of assurance between you and us. The Bond is not suitable for Irish residents and when you took out your Bond (or at some point during the lifetime of your Bond) you will have completed a declaration that you are not Resident or Ordinarily Resident in Ireland. This is a declaration in a format specified by the Irish Revenue Commissioners to enable us to make payments to you without deducting Irish tax. Please see Annex 1A for the meaning of Resident and Ordinarily Resident.

Please consider these Policy Provisions carefully. You will have received these Policy Provisions after the Start Date and although your Financial Adviser should have explained these Policy Provisions to you before the Start Date, should you not be comfortable with any of these terms and conditions, you can exercise your right to cancel your Bond within 30 days from the date on which you receive the last of your Bond documentation as more fully described in Policy Provision 1.11 (An overview of how the Bond assets work). Capitalised terms in this document are words which have a particular meaning (defined words) when we use them in these Policy Provisions and in documentation you receive from us regarding the Policies in your Bond. The meaning of these terms can be found in the Glossary section in Annex 1.

When you cash-in the Policies in your Bond, we will pay the Cash-in Value to you (or any other person who is entitled to receive it following satisfactory completion of anti-money laundering checks) subject to the terms of these Policy Provisions, and any extra terms and conditions in your Policy Schedule or in any variation to these Policy Provisions or to your Policy Schedule.

After the last surviving Life Assured dies, we will pay the Death Benefits of the Policies in your Bond to you or any other person who is entitled to receive them (following satisfactory completion of anti-money laundering checks) subject to the terms of these Policy Provisions, and any extra terms and conditions in your Policy Schedule or in any variation to these Policy Provisions or to your Policy Schedule.

Thank you for choosing to invest through Standard Life International.

Effective at Dublin on the Start Date shown in your Policy Schedule for and on behalf of Standard Life International.



Nigel Dunne  
Director

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## 1. An overview of how the Bond assets work

1.1 (i) Your Bond is an investment linked, single Payment life insurance contract which is divided into a number of different life insurance Policies. Your bond will consist of the maximum number of Policies for the Payment, unless you let us know that the Bond should have fewer than this. Each Policy within your Bond will be Linked to the same mixture of assets and the Policies give you rights to receive Death Benefits after the last Life Assured dies, or the Cash-in Value if you cash-in some or all of your Policies before then. You can also make Regular Withdrawals from your Bond. The amount of money you receive will depend on the investment performance of the assets Linked to your Policies. In our further discussions and communications with you we may refer to Policies as "segments" and if we do so, Policies and "segments" will mean the same thing.

### Payments

You can choose the size of the initial Payment to pay us but it must meet the minimum amounts set out in provision 1.1(iv) to (ix) below because a smaller amount would impose excessive costs on us. You may be able to request that we purchase additional assets to Link to the Policies in your Bond throughout the duration of the insurance contract by paying further Payments (see provision 8 (Paying additional single Payments)).

### Investments

We will invest according to your instruction in certain Linked Assets based on the assets we are able to invest in. We will use the Payment(s) you paid us (after deducting applicable charges) to purchase these assets which we will Link to your Policies in your Bond and the value of those Linked Assets will be applied pro-rata to each of the Policies in your Bond. The benefits to which you are entitled under your Bond are determined by reference to the value of the investments we make in Linked Assets. You can instruct us to invest in particular assets, or to have the assets in which we invest chosen by one of our Discretionary Investment Managers. The Linked Assets must be from the range of assets which we make available and/or which our Discretionary Investment Manager selects on our behalf.

### Ownership of investments

We own all of the Linked Assets. You do not and will not at any time own or hold any of the Linked Assets. However, the benefits you receive under your Bond will be Linked to the value of the Linked Assets as set out in these Policy Provisions. You own the Bond and Policies that make up the Bond. The Linked Assets may be held on our behalf by a third party such as a nominee, custodian or sub-custodian in which case that arrangement will, where possible, be regulated by contractual terms between us and that third party.

Throughout these Policy Provisions we may refer you to your Financial Adviser for details of the terms and conditions that apply in respect of certain investment options available through your Bond (e.g. Deposit Accounts). For the avoidance of doubt, this is just for your information and, since we own the Linked Assets, you are not a party to such terms and conditions.

From time to time we may be asked by an External Investment Manager to exercise voting rights in relation to a Fund. If this happens and the Policies in your Bond are linked to that Fund, we (or any Discretionary Investment Manager, nominee or custodian who holds the relevant Linked Assets on our behalf) are unlikely to ask you how you would like us to vote because we have full legal ownership of all the Linked Assets. We will also not notify you of any corporate action that is not suitable for distribution to retail clients.

### Risks

Please remember that the value of your Bond depends on the value of the Linked Assets which can go down as well as up. There is a risk that you may not receive any payment from the Bond. For example if the Linked Assets prove worthless or cannot be sold or the provider(s) of the Linked Assets or the institutions which hold, manage or safeguard the underlying assets making up the Linked Assets become insolvent or breach their obligations. We are not responsible for the investment performance, value or availability of the Linked Assets. Neither your Bond nor the Policies have a guaranteed value. Please note that External Investment Managers and the manager of the Insured Funds may be permitted in certain circumstances to suspend all sales of investments which would prevent us from selling the relevant Linked Assets and therefore restrict your ability to cash-in or make Regular Withdrawals or receive Death Benefits.

### Non qualifying policy

Your Bond is defined by His Majesty's Revenue & Customs as a "non qualifying investment linked life assurance contract". You should speak to your Financial Adviser and take appropriate independent tax advice before entering into the Bond or before paying additional single Payments, taking withdrawals, assigning or cashing-in all or part of your Bond or paying Adviser Charges as these actions can affect your tax liability.

## Benefits

We may provide/receive certain benefits (such as training events, seminars, incidental hospitality, information relating to products or services) to/from: (i) members of the Phoenix Group; (ii) other product providers, fund managers and platforms; or (iii) other third parties.

Any benefits provided or received will be assessed to ensure they are reasonable, proportionate and of such scale that they enhance the service provided to you and allow us/them to continue to act in your best interests. If you would like details of any benefits that we have provided to your Financial Adviser, please ask them.

## Summary of your investment options

- (ii) You can direct us to invest Payments in any of the following Linked Assets:
  - a) Insured Funds;
  - b) Mutual Funds;
  - c) Whole of Market Funds;
  - d) Deposit Accounts.

You may also wish to direct us to open and invest in an Elevate GIA, where your Financial Adviser or a Discretionary Investment Manager will buy and sell Linked Assets on the Elevate Platform, or to request us to use the services of a Discretionary Investment Manager, who will make investment decisions in relation to the Linked Assets. If you ask us to invest in any Linked Assets other than in (a) we will need to hold the Payment in a transactional bank account which we call the IB Bank Account (which is itself a Linked Asset) to cover transactions. This is described in more detail in provision 6 (IB Bank Account).

- (iii) Subject to any requirements and/or guidelines from our regulator, the Central Bank of Ireland, you can request us to invest in certain Linked Assets and Link them to the Policies in your Bond. However, because the Linked Assets are owned by us we may not be able to accept a particular asset and must have the right to override or cash-in any investments which may be proposed by you, your Financial Adviser or the Discretionary Investment Manager. We will not be obliged to accept any further Payments from you. We have certain restrictions on the types of assets we can invest in. For example where the policyholder is a resident in the UK for tax purposes we will not invest in assets if those assets would result in the Bond qualifying as a “personal Portfolio Bond” for UK tax purposes as set out in sections 515 to 526 of the Income Tax (Trading & Other Income) Act 2005. We need to manage risk appropriately and to comply with laws and regulations and in particular with:
  - a) any Central Bank of Ireland requirements for admissible assets; and
  - b) His Majesty’s Revenue and Customs (or any successor or replacement taxation authority having jurisdiction in the United Kingdom) tax rules as set out in the Income Tax (Trading & Other Income) Act 2005.

We will tell your Financial Adviser if an asset isn’t acceptable and the reasons for our decision. Further information can be obtained from us at our Head Office (our contact details are at the back of these Policy Provisions). If you have indicated on your application that you wish the investment restrictions in Schedule A to apply to your Bond please see Schedule A for the types of assets you can direct us to Link to the Policies in your Bond.

## Minimum Investment Amounts

- (iv) Minimum amounts for investments may apply depending on the Linked Assets you wish us to invest in, except when you have set up a direct debit or standing order arrangement to pay Recurrent Single Payments at the Start Date with a view to increasing the value of the Linked Assets above £10,000.

A minimum amount of £20,000 for investment in Linked Assets is required for your initial Single Payment invested in your Bond on the Start Date.
- (v) After the Start Date, except where Recurrent Single Payments are being paid by a direct debit or standing order arrangement, the Remaining Value must be at least £10,000 with a minimum amount of at least £2,500 to be invested in each Fund. Providers of Funds, Elevate, Discretionary Investment Managers or Deposit Accounts may impose minimum investment amounts which may differ from the amounts we set.
- (vi) Should you wish to invest through a series of Recurrent Single Payments please see provision 8 (Paying additional single Payments) for minimum investments and any restrictions which may apply.
- (vii) Should you wish to invest in Whole of Market Funds or should you wish to invest through a Discretionary International Bond

Investment Manager you must make a Payment of at least £100,000 for investment in Linked Assets. There may be some exceptions which apply to this amount because the providers of the Linked Assets may accept less than £100,000. You should contact us if you would like to invest less than £100,000 to see if this is possible.

- (viii) Although Deposit Accounts presently have no minimum investment limits, the providers of Deposit Accounts may impose their own investment limits in the future and these limits will apply to you. We may also introduce a minimum investment limit in the future. Even though there are currently no minimum investment limits, the value of the Linked Assets must be at least £20,000 available for investment in Linked Assets on the Start Date, except where Recurrent Single Payments are being paid by direct debit/standing order, in which case we may not apply a minimum investment limit. Please speak to your Financial Adviser to enquire whether the providers of Deposit Accounts impose investment limits which differ from the limits we impose.
- (ix) If the Remaining Value falls below £10,000 and you are not paying Recurrent Single Payments by way of a direct debit or standing order, we may sell the remaining Linked Assets and cancel the remaining Policies in your Bond.

- 1.2. You will make the investment choices, instruct a third party to make an investment choice for you or request us to appoint a Discretionary Investment Manager who will make investment choices on our behalf. Based on these investment choices we will invest in the Linked Assets at your risk (as explained in provision 1.1(i) above, "Risks").
- 1.3. If a Fund can't be sold due to the External Investment Manager experiencing financial or operational distress, default or bankruptcy, we will treat the Fund as being "distressed", and, after notifying you or your Financial Adviser of the situation: (a) if we don't have an up to date value for the Fund, we may agree to sell it back to the External Investment Manager (there could be tax consequences for you as a result); (b) the charges described in provision 7 shall continue to apply, because we continue to incur costs in administering your Bond; (c) if there is insufficient money in the IB Bank Account to pay a Regular Withdrawal or Partial or Full Cash-in, the monies will not be paid.
- 1.4. We are not responsible for the performance or solvency of the providers of the Linked Assets nor are we responsible for the content or accuracy of the content of any literature provided by fund managers. We are also not responsible for the performance, solvency or suitability of any advice of Discretionary Investment Managers. We will not advise you about the suitability of any Linked Assets nor will we advise you about the suitability of any ongoing dealings in respect of the Linked Assets. We will not be responsible for any advice given to you (or for any appropriateness assessments conducted with you) by your Financial Adviser or for any investment decisions taken by you (with or without a Financial Adviser).
- 1.5. We will not be held liable for any loss suffered by you if a Deposit Account provider or the provider of the IB Bank Account fails, whether they are backed by a government guarantee or not and should a government guarantee fail and that government is unable to meet its guarantee, we will still not be held liable for any loss suffered by you. If a Deposit Account provider or the provider of the IB Bank Account fails, you may not benefit from protection by the UK Financial Services Compensation Scheme. This is because we own the Linked Assets in the IB Bank Account and the Deposit Accounts and, as a "large company", we are not currently covered by the rules of the scheme.

#### **Administration of your Bond**

- 1.6. You:
  - (i) must be 18 years or over;
  - (ii) can only insure the life of a person who is between the age of 3 months and 84 years old; where there are multiple Lives Assured the maximum age for the youngest Life Assured is 84 so we will permit Lives Assured older than 84 so long as one Life Assured is 84 years old or younger. You will have declared the date of birth of the Lives Assured on the application for your Bond;
  - (iii) must be habitually resident in the UK, Jersey, Guernsey or the Isle of Man; and
  - (iv) must comply with the minimum amounts of investment which apply to each class of Linked Asset.

If the Policies in the Bond are to be held in trust, the trustees must all be habitually resident in the UK, Jersey, Guernsey or the Isle of Man. If you have selected a Discounted Gift Plan, Flexible Reversionary Plan or Loan Plan, please see Schedule A for the specific terms and conditions that apply to the trustees of the Discounted Gift Plan, Flexible Reversionary Plan or Loan Plan. To avoid any doubt, unless expressly varied or amended in Schedule B, the terms of these Policy Provisions shall continue to apply.
- 1.7. If you want to take out a Bond, your Financial Adviser must send us an application on your behalf.
- 1.8. The Policies in your Bond will be opened on the Start Date when the contract between you and us will be concluded.

1.9. Once we have accepted your application, on the Start Date we will:

- (i) open the Policies in your Bond in your name (or names) and administer it in accordance with these Policy Provisions; and
- (ii) issue you with a Bond Number. Please ensure that you and your Financial Adviser include the Bond Number in all communication with us.

#### **Policyholder Protection**

1.10. The rules made under the Financial Services and Markets Act 2000 (as amended) for the protection of retail clients in the UK do not apply. It is important to understand that your Bond is not protected by the UK Financial Services Compensation Scheme. For information on insurance policyholder protection in Ireland please contact your Financial Adviser.

For the avoidance of doubt, if your Bond is governed by the laws of the Isle of Man, this alone will not mean that you are eligible for cover under any Isle of Man compensation schemes. Please speak to your Financial Adviser for further information.

#### **Cancellation rights**

1.11. (i) After the Start Date we will send you (through your Financial Adviser) an After Sales Pack which includes the Policy Schedule and these Policy Provisions.

You will have 30 days from the date on which you receive your After Sales Pack informing you that your Bond has been opened to change your mind and cancel your Bond.

(ii) Should you wish to cancel your Bond within the 30 day period:

- (a) Please send your request to cancel to us at our Head Office;
- (b) We will return an amount equal to the Payment you paid us minus any loss which has been caused by market movements to the sums we invested according to your instructions. We will return this amount within 30 days after the date we receive your instruction to cancel and it will be priced at the next available Pricing Point (for example, if we receive your instruction to cancel on a Friday the next available Pricing Point will be a Monday or the next working day in the event of a public holiday). The amount you receive will not be any more than an amount equal to the Payment you paid even if the Linked Assets have increased in value; and
- (c) Any initial charges (for example, to pay Initial Adviser Charges to your Financial Adviser) which have been deducted from the Payment will be refunded. Please speak to your Financial Adviser if you have arranged to pay a fee directly to them as you may not be able to receive a refund of this fee if you wish to exercise your right to cancel your bond within 30 days. Some third parties who manage the Linked Assets may deduct charges in the 30 days from the Start Date. Some Deposit Account providers apply early withdrawal charges if money is withdrawn early or without providing sufficient notice. Some External Investment Managers and Discretionary Investment Managers may also apply exit penalties or dealing restrictions to their funds. Some Deposit Account providers, External Investment Managers and Discretionary Investment Managers may apply restrictions so that you may not be able to receive a return of the amount invested in the Policies in your Bond for some period of time. If you cancel the Policies in your Bond, we will deduct any charges applied by third parties from the amount refunded to you. Also, any dealing charges will not be refunded. Therefore, the amount invested in the Policies in your Bond returned by us to you after your Bond is cancelled could be less than the original Payment you paid to us.

(iii) We may defer investments until after the 30 day cancellation notice period should we believe that we may be unable to turn the relevant Linked Asset into cash in order to satisfy your right to cancel the Policies in your Bond.

#### **Tax**

1.12. Whatever your personal circumstances, you should obtain independent tax advice in relation to the Bond and how you wish us to invest the Payment. There are special tax provisions that apply to persons habitually resident in the UK who are non-domiciled individuals so if you are habitually resident in the UK but a non-domiciled individual then it is particularly important that you obtain independent tax advice in relation to the Bond and how you wish us to invest the Payment. If you become resident outside of the UK, Channel Islands or Isle of Man at any time while the Policies in your Bond are in force, you must let us know immediately as there will be certain tax consequences. We recommend that you discuss the tax consequences with a tax adviser prior to becoming resident outside the UK, Channel Islands or Isle of Man.

1.13. Irrecoverable withholding tax may be payable in respect of the Linked Assets in certain Funds because in some

countries withholding tax is deducted from dividend and interest payments. If you ask us to invest in a Fund where tax is paid on returns within that Fund, where possible we will reclaim the tax paid. For all funds concerned, except Insured Funds, we will return this tax to the IB Bank Account. For Insured Funds the reclaimed tax value will be added to the value of the Linked Assets in the relevant Insured Fund. You should be aware that we may not be able to reclaim any tax and you will not receive any repaid tax which we may receive after the Policies in your Bond are cancelled and your Bond is terminated.

1.14. Under Irish tax laws, we may share/disclose details of the Policies in your Bond to the Irish Revenue, who may share the information we provide with the tax authorities of other countries. As highlighted in provision 19 (Personal Data), we may also disclose such information to other organisations (including His Majesty's Revenue and Customs), where we consider it appropriate and lawful to do so.

#### **Taking instructions from you/your Financial Adviser**

1.15. As explained in your Key Features Document, your Bond is an advised product, and we recommend that you always take advice before undertaking any transactions on your bond. If your Financial Adviser no longer acts for you (for any reason) and you do not appoint another Financial Adviser, or you wish to give instructions to us directly, we may need to assess the appropriateness of switches into certain Linked Assets (for example, those defined as "complex" by applicable regulations) that you instruct us to process. We will do this by reference to your knowledge, experience and understanding of the Linked Asset and the risks involved. We cannot guarantee that switch requests which require an appropriateness assessment will be completed within the timescales set out in provision 4. If we consider (on the basis of the information we hold about you, or in response to any assessment we undertake with you) that the transaction will not be appropriate for you, we will not process the instruction. In these circumstances, we recommend that you speak to a financial adviser for guidance.

If you do not have a Financial Adviser (and/or, in relation to transactions in the Elevate GIA, you have a Financial Adviser who has not entered into an appropriate agreement with Elevate) then:

- (i) you will not be able to make additional single Payments or Recurrent Single Payments into your Bond;
- (ii) you will not be able to instruct transactions on the Elevate GIA. See provision 2.3 (How your Elevate GIA works) for more details.

If you do not have a Financial Adviser (or have a Financial Adviser who does not have an agreement with Elevate), please contact us for further information.

1.16. Where you have authorised us to do so, we will treat any instructions on investments that we receive from your Financial Adviser as your instructions. For some instructions, for example, the initial appointment of a Discretionary Investment Manager, we will always require written instructions from you. If you become resident outside the UK, Channel Islands or Isle of Man, we reserve the right to only accept instructions from your Financial Adviser if they are authorised in the country you are resident in at the time of the instruction.

#### **Cashing-in your Policies**

1.17. Your Policies can be cashed-in (please see provision 11 (Cashing in all or some of the Policies in the Bond) by contacting us at any time. Unless you make a Partial Cash-in, when all the Policies in your Bond are cashed-in your Bond will terminate. If you make a Partial Cash-in you can terminate individual Policies or withdraw money from a number of Policies without terminating any, or a combination of both of these methods (please see provision 11.3 for details about Partial-Cash Ins). The Policies in your Bond will only terminate once all the Linked Assets have been sold and you have paid all applicable charges (which are set out in provision 7 (Charges and discounts)). The value you will receive from us will be the Cash-in Value of the Policies in your Bond and we will pay the Cash-in Value into your nominated bank account once we have completed any necessary anti-money laundering checks.

#### **Termination of these Policy Provisions by Us**

1.18. We may terminate these Policy Provisions and the Policies in your Bond if:

- (a) you become resident in the Republic of Ireland; or
- (b) you fail to comply with these Policy Provisions and fail to remedy this within 20 Business Days of being asked by us to do so; or
- (c) you fail to make any payments due to us after we notify you of the amount you owe us and have given you a further 30 Business Days to make the required payments; or
- (d) we do not receive money in respect of your Payment, for example if you make a Payment by cheque and the bank is not able to meet the obligation; or
- (e) the Remaining Value falls below £10,000 and you are not paying Recurrent Single Payments by way of a debit debit or standing order arrangement.

We will terminate these Policy Provisions and the Policies in your Bond either when a Full Cash-in is made or all the Death Benefits are paid.

1.19. In closing the Policies in your Bond as contemplated in provision 1.18 we reserve the right to seek reasonable and proportionate reimbursement from you or from the Linked Assets for any losses or expenses that we have suffered by closing the Policies in your Bond as a result of the breaches referred to in provision 1.18.

#### Delays in carrying out your instructions

1.20. (i) We will carry out your instructions to adjust the Linked Assets as soon as reasonably practicable but this may be delayed. For example, we may not be able to follow your instructions either in the event of death or if you should instruct us to:

- (a) Switch Linked Assets (including for the reasons explained in provision 1.15);
- (b) Make Regular Withdrawals; or
- (c) Make a Partial or Full Cash-in.

(ii) If we or an External Investment Manager or nominee, custodian or sub-custodian delay the implementation of instructions to sell Units in the relevant Fund(s), this could delay the switch or cashing-in of the Policies in your Bond. We cannot be held responsible for any loss you may suffer as a consequence of a delay in exercising a sale or purchase instruction.

(iii) In relation to Insured Funds, we may delay executing all or part of your instruction for up to one month or in the case of Units of an Insured Fund which invests directly or indirectly in buildings or land up to 9 months. If the sale involves an Externally Linked Insured Fund, we may delay executing your instruction until we receive the proceeds of the sale of the related Units in the Fund in which the Externally Linked Fund is invested. If we delay executing your instruction, we will use the Unit Prices that apply on the Business Day on which the sale actually takes place. We may also delay a cash-in or switch involving Units in the Insured Funds you selected if it is necessary to do so in order to maintain fairness between unitholders remaining in and unitholders leaving the Insured Funds concerned.

(iv) In relation to Whole of Market and/or Mutual Funds, you should be aware that the relevant Investment Documentation may allow the External Investment Manager to delay a sale or purchase (or suspend all sales and purchases) of Units, for example, if the Fund invests in property or in other investments that can take time to buy or sell. External Investment Managers, particularly in relation to Whole of Market Funds may not trade on a daily basis and we can only buy or sell Units in these Funds according to the relevant External Investment Manager's timescales. If an External Investment Manager or custodian delays the implementation of our instructions to sell Units in the Mutual Fund(s) or Whole of Market Fund(s) they manage, the Unit Price used will be that at which the External Investment Manager finally executes the sale instruction, and the sale of the Units Linked to your Policies will be delayed as a result. For full details please refer to the relevant Investment Documentation as well as the Elevate GIA terms (where relevant) which is available from your Financial Adviser.

## 2. Your investment options

As stated in provision 1.11(iii) we may defer investments until after the 30 day cancellation notice period should we believe that we may be unable to turn the relevant Linked Assets into cash in order to satisfy your right to cancel the Policies in your Bond.

We make available the following Linked Assets for you to direct us to hold through your Policies in your Bond:

#### Insured Funds

You can choose from a range of Insured Funds that we make available as Linked Assets. We split each Insured Fund into Units. Each Unit has the same Unit Price and that Unit Price varies with the value of the underlying net assets held by the Insured Fund. We describe how Insured Funds operate in provision 2.1 (How Insured Funds work). With an Insured Fund, we make or delegate the investment decisions for the investments in that Insured Fund. For more information please speak to your Financial Adviser, or contact us.

#### Other investment options/services

You can also choose from a range of other investment options and services that we make available which we can Link to the Policies in your Bond. We describe these in provisions 2.2 (How Mutual Funds and Whole of Market Funds work), 2.3 (How the Elevate GIA works), 2.4 (How discretionary investment management works) and 2.5 (How Deposit Accounts work). We must have Linked Assets in the IB Bank Account before you can ask us to invest in these other investment options or services. The range available for you to request us to hold and Link to your Policies includes:

- (i) Mutual Funds;
- (ii) Whole of Market Funds;

- (iii) Linked Assets in the Elevate GIA;
- (iv) Linked Assets selected and managed by a Discretionary Investment Manager; and
- (v) Deposit Accounts.

## 2.1.

### How Insured Funds work

- (i) We set the investment objectives for each Insured Fund, and make or delegate the investment decisions for each Insured Fund within those objectives. We will provide you with 30 days' notice if we or the External Investment Manager intend to make a material alteration to the investment objectives of an Insured Fund. During the notice period, you can ask us to switch to any other available Insured Fund in accordance with the terms of provision 9 (Switching Funds) and no switching charge will apply. We may borrow money on behalf of an Insured Fund and use the assets of that Insured Fund as security.
- (ii) We may impose a minimum amount which you can switch or can be withdrawn and we apply a minimum amount which must remain invested (please see provision 1.1(iv) to (ix) and speak to your Financial Adviser). If we make any such alterations we will notify you of the new minimum withdrawal amount and/or the new minimum remaining investment amount 30 days before it becomes effective.
- (iii) We will follow your instructions to buy or sell Units in Insured Funds as soon as is reasonably practicable but this may be delayed as described in provision 1.20 (An overview of how the Bond assets work).
- (iv) We may reinsure all or part of our liability for these Insured Funds with another insurance company in the Phoenix Group. If we wish to reinsure all or part of our liability for these Insured Funds directly or indirectly with an external insurance company outside the Phoenix Group, we will give you at least three months' notice that we are doing so and during the notice period, you can ask us to switch to any other available Insured Funds in accordance with the terms of provision 9 (Switching Funds) and no switching charge will apply.
- (v) We may also offer Insured Funds which invest in Mutual Funds managed by an External Investment Manager (this may be referred to as an Externally Linked Insured Fund). In Externally Linked Insured Funds, we will buy Units in the External Investment Manager's Mutual Funds. When you select an Externally Linked Insured Fund, you indirectly have access to the services of an External Investment Manager without taking out a new Bond. When you instruct us to invest in Externally Linked Insured Funds, Units in these Externally Linked Insured Funds will be purchased by us (and subsequently held) and sold subject to the terms contained in the relevant Mutual Fund's Investment Documentation. The Externally Linked Insured Fund may have restrictions on minimum amounts which can be invested and/or minimum amounts which could be withdrawn from the relevant Fund. For full details please refer to the relevant Fund's Investment Documentation which is available from your Financial Adviser.
- (vi) Where an Insured Fund is invested in an Externally Linked Insured Fund managed by an External Investment Manager and the External Investment Manager causes loss to us which impact the Policies in your Bond, we will not make good all or any part of any loss that arises unless we receive compensation from the External Investment Manager.
- (vii) To protect the interests of existing unitholders in an Insured Fund, we may temporarily stop accepting new investment instructions to apply Payments to that Insured Fund or instructions to switch existing investments into that Insured Fund. For more details please see provision 9 (Switching Funds).
- (viii) For commercial reasons including running Insured Funds efficiently and economically or because the External Investment Manager notifies us that they will take certain actions, it is necessary that we are able to:
  - (a) introduce new Insured Funds;
  - (b) suspend or close an existing Insured Fund to any new investments (so that no new Units in the Insured Fund are sold to investors);
  - (c) wind up an existing Insured Fund (so that it no longer exists) for example, where the Insured Fund is no longer commercially viable or beneficial to its unitholders;
  - (d) combine two or more Insured Funds into one Insured Fund;
  - (e) divide an existing Insured Fund into one or more new Insured Funds (so that the new Insured Funds are easier to manage);
  - (f) divide the existing Units of any Insured Funds into new Units which will be priced at a lower price (so that it is easier for investors to invest in these Insured Funds);
  - (g) combine the existing Units of any Insured Funds into new Units which will be priced at a higher price (to avoid an unnecessarily low Unit Price in these Insured Funds); or
  - (h) create new Units and price all or some of the Units at a higher or lower price.

- (ix) Where we intend to close or wind up or merge or divide an Insured Fund, we will give you at least 30 days notice. You may receive less notice (or, in exceptional circumstances, no notice) if it is necessary to protect the interests of the investors holding Units in that Insured Fund or if the relevant Insured Fund invests in an Externally Linked Insured Fund whose External Investment Manager closes or winds up his Fund.
- (x) When you are given notice that an Insured Fund is being wound-up, you will be able to notify us of any alternative Fund(s) into which you would like us to switch the existing Linked Asset. If we have not heard from you by the end of the notice period, we will switch any existing Units invested in that Insured Fund into another available Fund that has, in our opinion, the closest investment objectives to the original Insured Fund. We may switch the Units into a Mutual Fund. If there isn't another such available Fund, we will cancel any existing Units invested in that Insured Fund and the value of the sale proceeds will be paid into the IB Bank Account or to you by way of a Partial Cash-in if you are only invested in Insured Funds. We will contact you or your Financial Adviser in advance to notify you of this in case you would prefer us to invest in other Linked Assets.
- (xi) Where you have selected an Insured Fund that is an Externally Linked Insured Fund, we will give you as much notice as is reasonably practical of any actions of the External Investment Manager in relation to their Mutual Funds that materially affect the Externally Linked Insured Fund which you selected but please be aware that we may not be able to provide you with advance notice of such actions.
- (xii) We will add the income (after any tax deducted) generated by the underlying assets of an Insured Fund, which is Linked to your Policies, to the value of the Linked Assets in that Insured Fund. Units may be created which could provide income for distribution and you could therefore have the option in the future to Link to Insured Funds which provide for an income distribution. If Units are created in Insured Funds which provide for income distribution you should consider the options available to you as there may be tax consequences for you in receiving an income from your Bond in this way.
- (xiii) We will deduct from the value of the Linked Assets in an Insured Fund:
  - (a) the expenses, duties and other charges for buying and selling the assets Linked to or Units of that Insured Fund;
  - (b) any interest on any money that we or another Phoenix Group company borrows for that Insured Fund;
  - (c) any other expenses or charges that we reasonably expect to arise from our operation of that Insured Fund (or, where we expect them to arise from the operation of a number of Insured Funds, an appropriate share of those expenses or charges);
  - (d) an amount that we calculate as being the tax, if any, that we would pay on capital gains on the assets Linked to the Insured Funds if it were the sole Insured Fund that we operate; and
  - (e) the Management Charges described in provision 7 (Charges and discounts).
- (xiv) Where, as explained in provision 2.1(v), an Insured Fund is an Externally Linked Insured Fund, the External Investment Managers will pay fees and expenses out of the assets Linked to their Mutual Funds. These fees and expenses are reflected in the Unit Price of these Mutual Funds and therefore in the Unit Price of our Externally Linked Insured Funds.

## 2.2.

### How Mutual Funds and Whole of Market Funds work

- (i) For the purposes of this provision 2.2 references to Mutual Funds will include Whole of Market Funds.
- (ii) When you instruct us to invest in Mutual Funds, Units in these Mutual Funds will be purchased (and subsequently held) and sold subject to the terms contained in the relevant Mutual Fund's Investment Documentation. Each Mutual Fund is divided into Units. For full details please speak to your Financial Adviser.
- (iii) We will follow your instructions to buy or sell Units as soon as is reasonably practicable but as described in provision 1.20 (An overview of how the Bond assets work) we may have to delay executing your instructions.
- (iv) We may impose a minimum amount which can be withdrawn (please speak to your Financial Adviser) and we apply a minimum amount which must remain invested (please see provision 1.1(iv) to (ix) and speak to your Financial Adviser to find out the minimum amounts that apply from time to time).
- (v) Some External Investment Managers may impose a minimum investment amount in respect of the Mutual Funds they manage, in which case your investment in these Mutual Funds will have to be equal to or higher than the minimum investment amount imposed by the relevant External Investment Managers. To find out whether the Mutual Funds you are interested in impose a minimum investment amount, please speak to your Financial Adviser.
- (vi) We reserve the right to impose a minimum amount which you can switch or cash-in in respect of the Linked Assets in Mutual Funds. If we make any such alterations we will notify you of the new minimum withdrawal amount and/or minimum remaining investment amount 30 days before it becomes effective. Please note we

require the value of the Linked Assets in the relevant Mutual Fund after a withdrawal from that Mutual Fund to be at least £2,500.

- (vii) The External Investment Manager of a Mutual Fund that you direct us to hold Units in may also apply minimum withdrawal amounts both in relation to how much we can withdraw at any one time as well as a minimum that we must leave in the Mutual Fund. The minimum withdrawal amounts might relate either to value or number of Units. The restrictions which the External Investment Manager may place on minimum withdrawal amounts and amounts we must leave in the Mutual Fund may vary from time to time.
- (viii) If any of the Mutual Funds that you direct us to hold have a minimum withdrawal amount and/or a minimum investment amount or the minimum withdrawal amount is greater than the minimum investment amount that we introduce in relation to Mutual Funds, the limits set by the External Investment Manager may be applied.
- (ix) The investment decisions for each Mutual Fund are made by the respective External Investment Manager of each Mutual Fund and any investment restrictions for each Mutual Fund are listed in the relevant Mutual Fund Investment Documentation.
- (x) For commercial reasons, including running Mutual Funds efficiently and economically, it is necessary that an External Investment Manager is able to:
  - (a) introduce new Funds;
  - (b) suspend or close an existing Fund to any new investments (so that no new Units in the Fund are sold to investors);
  - (c) wind up an existing Fund (so that it no longer exists) for example, where the Fund is no longer commercially viable or beneficial to its unitholders;
  - (d) combine two or more Funds into one Fund;
  - (e) divide an existing Fund into one or more new Funds (so that the new Funds are easier to manage);
  - (f) divide the existing Units of any Funds into new Units which will be priced at a lower price (so that it is easier for investors to invest in these Funds);
  - (g) combine the existing Units of any Funds into new Units which will be priced at a higher price (to avoid an unnecessarily low Unit Price in these Funds); or
  - (h) create new Units and price all or some of the Units at a higher or lower price.

If an External Investment Manager closes, winds up or divides his Fund, we will inform you when we receive notice of such action where practicable.

- (xi) Where the External Investment Manager of a Mutual Fund makes a different class of Units available for a Mutual Fund in which the Policies in your Bond are invested, we can instruct the External Investment Manager to convert the investment in the Mutual Fund to a different class of Units if the conversion would be:
  - (a) from a Bundled Share Class to either an Unbundled Share Class or a Discounted Share Class; or
  - (b) from an Unbundled Share Class to a Discounted Share Class.

We may also instruct the External Investment Manager to convert your investment in a Mutual Fund to a different class of Units if, in our reasonable opinion, the conversion would comply with the intentions of our regulator to promote the interests of consumers.

Before a conversion is due to take place, we will start re-directing into the different class of Units any regular investments (such as Recurrent Single Payments) that you are already making into that Mutual Fund. We will normally start the re-direction process a week before the conversion is due to take place.

We will give you or your Financial Adviser reasonable notice before your investment in a Mutual Fund is converted to a different class of Units.

- (xii) When you are given notice that a Fund is being wound-up, you will be able to notify us of any alternative Fund(s) to Link to the Policies in your Bond. If we have not heard from you by the end of the notice period, we will cancel any existing Units invested in that Fund and the value of the sale proceeds will be paid into the IB Bank Account.
- (xiii) Where the External Investment Manager of a Mutual Fund causes loss to us which impact the Policies in your Bond, we will not make good all or any part of any loss that arises unless we receive compensation from the External Investment Manager.

- (xiv) Where you have selected a Mutual Fund, we will give you as much notice as is reasonably practical of any actions of the External Investment Manager that materially affect the Mutual Fund which you selected but please be aware that we may not be able to provide you with advance notice of such actions.
- (xv) The External Investment Manager will deduct charges or expenses as more particularly described in provision 7 (Charges and discounts) and will deduct an appropriate amount to cover taxes:
  - (a) for buying, managing, maintaining and selling assets Linked to a Mutual Fund; and/or
  - (b) arising from a fund manager's operation of a Mutual Fund.
- (xvi) If the Linked Assets include Units or shares in a Mutual Fund, the External Investment Manager may ask its unitholders or shareholders to make some decisions in respect of their holding in the Mutual Fund. For example the External Investment Manager might ask its unitholders or shareholders to allow it to issue new shares or Units and to buy some of these new shares. These decisions will usually have to be taken within a specified timeframe. We may not consult you because we own all the Linked Assets and we will not take any action when we are given notice unless we consider it is appropriate to take an action. You may not receive any notice from us at all if we take any actions in relation to a Mutual Fund included in the Linked Assets.

### **2.3. How the Elevate GIA works**

- (i) You may choose to direct us to invest in Linked Assets via the Elevate GIA on the Elevate Platform in two ways:
  - (a) by arranging for your Financial Adviser to make investment decisions and submit Orders on the Elevate Platform; and/or
  - (b) (where we have agreed to this) by directing us in writing to appoint a Discretionary Investment Manager to make investment decisions (including providing a managed portfolio service) and submit Orders on the Elevate Platform. For information on how discretionary investment management works in general (whether on the Elevate Platform or otherwise) please also refer to provision 2.4.

In order to Link the Elevate GIA to your Bond, your Financial Adviser and/or the Discretionary Investment Manager must have entered into an appropriate agreement with us and with Elevate, permitting them to access the Elevate Platform. By directing us to invest in the Elevate GIA, you confirm that you have appointed your Financial Adviser (or wish for us to appoint a Discretionary Investment Manager) to submit Orders and undertake transactions on the Elevate Platform in relation to the Elevate GIA, in accordance with your instructions (where relevant) and the terms of these provisions.

(ii) We have authorised your Financial Adviser/the Discretionary Investment Manager to place Orders with Elevate in respect of the Elevate GIA, in accordance with the investment strategy and directions you provide to them and the Linked Assets permitted by us. We have certain restrictions on the types of investments we can invest in and we also need to manage risk appropriately and to comply with laws and regulations. This means we must have the right to override or cancel any investments which may be proposed or made by you or your Financial Adviser/Discretionary Investment Manager, as well as the right to adjust or refuse any investment strategy or directions (in the case of Discretionary Investment Managers, this is as set out in provision 2.4 (vi)) you may provide to your Financial Adviser/Discretionary Investment Manager.

(iii) Your Financial Adviser will make investment decisions for you regarding the Elevate GIA and provide you with advice in accordance with your circumstances and views on risk and return. The Discretionary Investment Manager will make investment decisions on behalf of us, in accordance with the terms of provisions 2.4 (vi) – (x). We do not recommend or provide any warranty as to the suitability or performance of your Financial Adviser, any Discretionary Investment Manager, the investments selected, External Investment Managers, the Elevate GIA or the Elevate Platform. We will not be responsible for any advice given to you by your Financial Adviser in managing Linked Assets on the Elevate GIA. We are not responsible for ensuring your investment strategy and risk profile is suitable and meets your needs, or for the suitability or appropriateness of any investment decisions carried out by your Financial Adviser/Discretionary Investment Manager, or for their actions or inactions. We are not liable for any losses incurred due to the fall in value of any investments selected. We are not responsible for any delays, errors or failure of the Elevate Platform.

(iv) Your Financial Adviser/the Discretionary Investment Manager may also arrange for money to be held in the cash account available within the Elevate GIA. Money held in this cash account will be pooled together with money belonging to other customers in pooled client bank accounts and individual entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic records. Elevate will hold this money, as trustee, on our behalf (and not as banker). This means that in the event of default by one of the banks or building societies used by Elevate, your Bond may share pro-rata in any shortfall and we will not make up this difference. There may be charges levied by Elevate when moving cash from one cash account to another (including the IB Bank Account). For details of the charges relevant to the Elevate GIA, please refer to your Elevate Charges Information Document and provision 7.2.

(v) The investments held, purchased and sold in the Elevate GIA will be subject to the prevailing terms and conditions of Elevate and the third party investment providers (including the External Investment Managers), e.g. the Elevate GIA terms and the terms contained in the relevant Investment Documentation. Please speak to your Financial Adviser for more details.

## Investment management

### (vi) Your Financial Adviser:

- (a) must open an Elevate GIA account for your Bond on the Elevate Platform in our name and arrange for money to be paid out of that account only to us, as we will own the Linked Assets in the Elevate GIA (these assets will be Linked to your Policies);
- (b) must only arrange for a Discretionary Investment Manager to manage investments in the Elevate GIA where we have agreed to this;
- (c) (and/or the Discretionary Investment Manager) must comply with our restrictions on the type of investments allowed (please see provision 1.1 (iii));
- (d) must provide you with advice as to suitable investments to be Linked to your Bond, based on your needs and attitude to risk;
- (e) (and/or the Discretionary Investment Manager) must sell investments when we require money to cover any outstanding charges, withdrawals, cash-ins or as otherwise required by us as described in these policy provisions. The Elevate GIA will not automatically disinvest to fund withdrawals; and
- (f) (and/or the Discretionary Investment Manager) must follow our instructions if we are no longer prepared to allow them to carry out transactions on the Elevate Platform, or if your Financial Adviser no longer acts for you.

(vii) We have agreed with Elevate that they will:

- (a) act as platform provider and provider of the Elevate GIA, be responsible for the safe custody and administration of the investments purchased, and ensure that investments are registered in the name of Elevate's nominees on our behalf;
- (b) comply with our restrictions on the type of investments available for inclusion in the Elevate GIA;
- (c) keep the assets in the Elevate GIA (which are Linked to the Policies in your Bond) separate from any of your own investments which you might have with Elevate and from their own investments; and
- (d) prepare reports on transactions and valuations for us so that we can administer your Bond.

## Operation of the GIA

- (viii) We will pass the relevant amount to Elevate when you make a Payment to invest according to your or your Financial Adviser's/the Discretionary Investment Manager's directions.
- (ix) We will not forward any money to Elevate unless the money is available from the IB Bank Account. It may take up to 5 Business Days to transfer money from the IB Bank Account to Elevate, and in exceptional circumstances it may take longer. The money will be held in the cash account available within the Elevate GIA pending investment. As explained in provision 2.3 (iv) money held in this cash account will be pooled together with money belonging to other customers in pooled client bank accounts. The cash account in the Elevate GIA may attract interest. It is also possible that instead of interest being payable we are charged by Elevate to use the GIA cash account. If such additional charge is payable by you, it will be included within the charges in provision 7. We will give you as much notice as possible, but we may not be able to give you 30 days notice of such change as set out in provision 7 because, for example, we may not have been given sufficient notice by Elevate or the provider of the cash account. Speak to your Financial Adviser for details of the current interest rate (if any) and please be aware that the applicable rate of interest may be zero or negative.
- (x) Orders will be executed, and deals placed, by Elevate in accordance with their "order execution policy" and dealing cut-off times. Elevate reserve the right to refuse to execute Orders in certain circumstances, for example if they are incomplete or unclear. It is your Financial Adviser's/the Discretionary Investment Manager's responsibility to ensure that Orders have been executed correctly by Elevate, and for rectifying any errors. Elevate reserve the right to dispose of investments in the Elevate GIA if they believe that appropriate action is not being taken by your Financial Adviser/the Discretionary Investment Manager. Please speak to your Financial Adviser for details of Elevate's order execution policy.
- (xi) When you instruct us to reduce Linked Assets in respect of the Policies in your Bond, we will instruct your Financial Adviser/the Discretionary Investment Manager as soon as reasonably practicable and the amount

raised by the sale will be paid into the IB Bank Account. Please remember that various investment and withdrawal limits and other dealing restrictions may apply, and some External Investment Managers and/or Elevate may also apply exit charges to their Funds which will be deducted from the amount raised by the sale before the proceeds are transferred to the IB Bank Account. Your Financial Adviser can confirm whether a specific Fund is subject to any dealing restrictions, investment and withdrawal amounts or an exit charge.

- (xii) Payments out of the Elevate GIA are usually made into the IB Bank Account within 4 business days of Elevate's receipt of the relevant information – though in some cases it can take up to 10 business days. If there is not sufficient money in the Elevate GIA, then no payment will be made.
- (xiii) We may stop allowing new monies to be invested in the Elevate GIA at any time. Elevate may also withdraw from us the availability of the Elevate GIA. We may also stop allowing your Financial Adviser/the Discretionary Investment Manager to send instructions and place Orders in relation to the Elevate GIA, for example if they cease to be appropriately authorised or otherwise breach the terms of their agreement with us (or Elevate). In these circumstances we will notify you and/or the Discretionary Investment Manager and/or send a communication to Financial Advisers to whom we usually provide updates. This communication will explain the position, as well as whether or not we will withdraw the relevant Linked Assets.

#### **Additional Payments**

- (xiv) If you choose to pay Recurrent Single Payments or additional single Payments (see provision 8), the Payments will be paid into the IB Bank Account and will not automatically be applied to the investments in the Elevate GIA. Your Financial Adviser must instruct us to pass the relevant proportion of the Payment to the Elevate GIA cash account, and your Financial Adviser/the Discretionary Investment Manager will then arrange for the money to be applied to the investments in the Elevate GIA as additional single Payments in accordance with the terms of these policy provisions. We are not liable for any loss suffered by you if your Financial Adviser/the Discretionary Investment Manager fails to do so or for any delay in instructing us or the Elevate Platform. Please speak to your Financial Adviser for more information.

#### **View only access**

- (xv) You and your Financial Adviser may agree that you can have view-only access to the Elevate Platform. If so, your Financial Adviser will provide you with a user ID and password for such view-only access. You must keep secret and secure any user ID and password issued to you by your Financial Adviser, and you must notify us or your Financial Adviser of any known threat or potential threat to the security of a password. We will not be responsible for any loss or damage resulting from your use of the Elevate Platform.
- (xvi) Elevate will issue contract notes, statements and other notices to the part of the Elevate Platform which displays information related to the Elevate GIA. You will not receive these directly, as you do not own the Linked Assets, however your Financial Adviser can provide you with a copy for your information, or (if you have view only access) you can view these on the Elevate Platform.
- (xvii) You must not misuse the Elevate Platform by knowingly introducing computer viruses or other material which is malicious or technologically harmful, by attempting to gain unauthorised access to the Elevate Platform (or any server, computer or database connected to the Elevate Platform) or by performing or knowingly be involved in any Denial of Service Attack or otherwise. Any such activity could constitute a criminal offence under the UK Computer Misuse Act 1990 and we will report any such activity to the relevant law enforcement authorities, will co-operate with those authorities and may disclose your identity to them.

## **2.4 How discretionary investment management works**

#### **Appointing a Discretionary Investment Manager**

- (i) You may request us to appoint a Discretionary Investment Manager who will take investment decisions in respect of the Linked Assets. The Discretionary Investment Manager is managing Linked Assets to be held within the discretionary portfolio on behalf of us and not you in accordance with a mandate we have agreed with them. We may also agree with you that the Discretionary Investment Manager can manage assets in the Elevate GIA on the Elevate Platform. In this circumstance, please also refer to provision 2.3 for details as to how monies and Linked Assets are held on the Elevate Platform and will be managed by the Discretionary Investment Manager.
- (ii) You can only direct us to appoint a Discretionary Investment Manager that is acceptable to us. A list of Discretionary Investment Managers is available from us or your Financial Adviser but we do not recommend or provide any warranty as to the suitability or performance of any of the Discretionary Investment Managers who may be on our list from time to time.
- (iii) In terms of the appointment, the Discretionary Investment Manager must:
  - (a) Set up an account for your Bond in our name and pay money out of that account only to us, as we will own the Linked Assets invested by the Discretionary Investment Manager (these assets will be Linked to

your Policies);

- (b) Comply with our restrictions on the type of investments allowed (please see provision 1.1 (iii));
- (c) Be responsible for the safe custody of the investments purchased;
- (d) Keep the assets Linked to the Policies in your Bond separate from any of your own investments which you might have with that Discretionary Investment Manager;
- (e) Sell investments when we require Linked Assets to pay, for example cash-ins;
- (f) Sell investments when we require money to cover any outstanding charges, withdrawals or cash-ins as described in these provisions;
- (g) Follow our instructions on the transfer of the investments if they are no longer authorised as a Discretionary Investment Manager or if we are no longer prepared to allow them to manage/invest the Linked Assets; and
- (h) Prepare reports on transactions and valuations for us so that we can administer your Bond.

#### **Investment management**

- (iv) We will give the Investment Content to the Discretionary Investment Manager when you make a Payment to invest according to your chosen investment strategy.
- (v) We will not forward any money to the Discretionary Investment Manager unless the money is available from the IB Bank Account. It may take up to 10 Business Days to transfer money from the IB Bank Account to the relevant Discretionary Investment Manager, and in some circumstances it may take longer due to the Discretionary Investment Manager's processes.
- (vi) You will need to agree an investment strategy with the Discretionary Investment Manager taking account of your needs and your attitude to risk in accordance with the investment restrictions described in these Policy Provisions, and we authorise you to deal directly with the Discretionary Investment Manager in these circumstances. However, the Discretionary Investment Manager that you have asked us to use will act for us in selecting investments in accordance with your investment strategy and risk profile. It is your responsibility to pass information regarding your risk profile and chosen investment strategy to the Discretionary Investment Manager directly or through your Financial Adviser; we won't pass instructions from you to them.
- (vii) The Discretionary Investment Manager will advise us of the investments they make in accordance with the investment strategy you provide them. We have certain restrictions on the types of investments in Linked Assets which we can invest in and we also need to manage risk appropriately and to comply with laws and regulations. This means we must have the right to override or cancel any investments which may be proposed or made by the Discretionary Investment Manager, as well as the right to adjust or refuse any investment strategy or directions you may provide (as authorised by us under provision 2.4 (vi)) to the Discretionary Investment Manager on the grounds that, for example, it does not reflect our risk management policies or targets short-term (or other unacceptable) gains or does not comply with laws, rules or regulations or in order to protect the interests of other bondholders or investors.
- (viii) Neither we nor the Discretionary Investment Manager are responsible for ensuring your investment strategy and risk profile is suitable and meets your needs. We will not be responsible for the suitability of any investment decisions carried out by the Discretionary Investment Manager. Your Financial Adviser will be able to assist you to create your investment strategy and ensure that it meets your needs and your attitude to risk.
- (ix) We may have agreed terms with the Discretionary Investment Manager which will regulate how they should act in performing their services to us in accordance with your investment strategy and risk profile but we are not responsible for the actions or decisions of the Discretionary Investment Manager. A Discretionary Investment Manager may have differing conditions for providing their services to us, for example, they may have different minimum investment amounts and powers to delay sales which they may enforce with us and this will affect the terms which govern your dealings with us with respect to the Discretionary Investment Manager.
- (x) We are not liable for any losses incurred due to the fall in value of any investments made by the Discretionary Investment Manager.
- (xi) The Discretionary Investment Manager may hold investments and money in our name which we will Link to the Policies in your Bond. These Linked Assets will be pooled with investments and money held for other customers of the banks or building societies. This means that in the event of default by one of the banks or building societies used by the Discretionary Investment Manager, your Bond may share pro-rata in any

shortfall and we will not make up this difference.

- (xii) When you instruct us to reduce Linked Assets in respect of the Policies in your Bond, we will instruct the Discretionary Investment Manager as soon as reasonably practicable and the amount raised by the sale will be paid into the IB Bank Account. To avoid doubt, the Discretionary Investment Manager will decide which Linked Assets will be reduced. Please remember that various investment and withdrawal limits and other dealing restrictions may apply in respect of the assets Linked to the discretionary portfolio and some External Investment Managers may also apply exit charges to their Funds which will be deducted by the External Investment Manager from the amount raised by the sale before the proceeds are transferred to the IB Bank Account. Your Financial Adviser can confirm whether a specific Fund is subject to any dealing restrictions, investment and withdrawal amounts or an exit charge.

## 2.5. How Deposit Accounts work

- (i) When you instruct us to invest in a Deposit Account, the money held in the Deposit Account will be subject to the terms and conditions of the Deposit Account provider. It may take up to 5 Business Days to Link a Deposit Account to the Policies in your Bond because it may take up to 5 Business Days to transfer money from the IB Bank Account to the relevant Deposit Account and in some exceptional circumstances it may take longer due to the Deposit Account provider's processes. Please note that we may defer investments until after the 30 day cancellation notice period should we believe that we may be unable to turn the relevant Linked Asset into cash in sufficient time to satisfy your right to cancel the Policies in your Bond.
- (ii) As we are the Deposit Account holder, in some instances corporate rather than retail Deposit Account terms and conditions will apply. Please contact your Financial Adviser for information about the relevant terms and conditions for operating Deposit Accounts. Please be aware that these terms and conditions may change from time to time and that such changes may apply to money already invested in a Deposit Account.
- (iii) We will transfer money to the provider(s) of the relevant Deposit Account in accordance with your instructions. We will not transfer any money to the provider(s) of the Deposit Account unless there are Linked Assets available from the IB Bank Account. The interest rate offered on a Deposit Account may only be available for a limited time so you will need to take our transfer times into account when you instruct us to invest in a Deposit Account if any such restriction applies. The rates provided by the Deposit Account provider may change or be withdrawn at short notice and we will give you as much notice as we possible but may not give you 30 days notice as specified in provision 15.2 (Changing or replacing these Policy Provisions).
- (iv) Please note that the provider(s) of the Deposit Account(s) in which you ask us to invest may impose a minimum investment limit, in which case we will have to comply with this limit but such minimum amounts are still subject to the minimum investment criteria of your Bond as set out in provision 1.1(iv) to (ix) (An overview of how the Bond assets work).

- (v) The interest rate that will apply to money in Deposit Accounts will be the rate paid by the relevant Deposit Account provider from time to time. No interest will accrue until money is received by the relevant Deposit Account provider. This could take a few Business Days depending on the method of transfer. Any interest which is applied will be the rate as outlined in the relevant Deposit Account terms and conditions. No interest may be applied between the last interest payment date and the date when you cash-in part or all of the Policies in your Bond.
- (vi) We must be able to withdraw money from the Deposit Accounts where for example money is required to pay for charges or to meet commitments regarding Regular Withdrawals or Full or Partial Cash-ins and there are not sufficient Linked Assets in the IB Bank Account. Except as explained in provision 2.5(vii) below, this applies even if the deposit is intended to be for a fixed term. The Deposit Account provider may charge a penalty for early withdrawal or surrender of a term deposit. Any penalty will be deducted from any available Linked Asset. We will let you know if we have had to withdraw money from a Deposit Account to meet commitments.
- (vii) The Linked Assets may be with a Deposit Account which will not allow us to withdraw any money at all. In these circumstances you must always ensure you have sufficient money in the IB Bank Account to cover other obligations such as, for example, charges, cash-ins or Regular Withdrawals. Where we will not be able to withdraw money from Deposit Accounts withdrawals will not be made in the circumstances described in provisions 2.5(vi) and 6.10 (b) (3).
- (viii) As explained in provision 1.5 (An overview of how the Bond assets work), we will not be liable for any loss suffered by you if a Deposit Account provider fails.

#### **Withdrawing money from a Deposit Account**

- (ix) Each time you wish to withdraw Linked Assets from a Deposit Account, we will action your instruction as soon as reasonably practicable and the proceeds will be paid into the IB Bank Account unless we are instructed otherwise. There may be charges imposed by the Deposit Account provider for withdrawing money or at the end of the term. Please speak to your Financial Adviser who will be able to provide specific details about withdrawing money from the Deposit Accounts and any charges which may apply.
- (x) Where investment in a Deposit Account is subject to a fixed term, unless you instruct us otherwise, the balance of the Linked Assets in the Deposit Account will be withdrawn automatically from the Deposit Account at the expiry of the term and the proceeds paid into the IB Bank Account.
- (xi) The provider(s) of the Deposit Account(s) we make available to you as a Linked Asset may not allow us to withdraw money from the Deposit Account(s) before the expiry of the fixed term of the deposit(s), even on the death of the last surviving Life Assured (please see provision 13 (What we pay on death)).
- (xii) The provider(s) of the Deposit Account(s) which we make available to you as a Linked Asset may impose early withdrawal charges if you ask us to withdraw money from their Deposit Account(s) before the expiry of the fixed term of the deposit(s) or without providing the required advance notice, if applicable. Subject to your rights to cancellation, it is also possible that we may not be able to withdraw money from the Deposit Accounts until the end of the relevant fixed period. In these circumstances you will not be able to make either a switch, a Regular Withdrawal, a Partial or a Full Cash-in until the end of the fixed period in relation to a Deposit Account. If you cancel the Policies in your Bond within the 30 day cancellation period, as described in provision 1.11 (ii), we reserve the right to deduct any charges applied by Deposit Account providers from the amount refunded to you.
- (xiii) We may stop placing new deposits with Deposit Account providers at any time. A Deposit Account provider may also withdraw a Deposit Account from us. In either of these circumstances we will send a communication to all Financial Advisers to whom we usually provide updates. This communication will advise that we will not be placing any new deposits with that particular Deposit Account provider and whether we will withdraw the Linked Assets or not. There may be charges imposed by the Deposit Account provider as explained in provision 2.5 (xii).
- (xiv) We reserve the right to make a transaction charge each time we give money or receive money from the relevant Deposit Account provider. We will not charge you any more than we are charged by the Deposit Account provider.

### 3. Valuing Funds

#### 3.1. Calculating the value of Insured Funds

- (i) Each day, we will determine the maximum and minimum values of each Insured Fund so that we can set the Unit Price for each Insured Fund as specified in provision 4 (Pricing Funds). We may however suspend the valuation of an Insured Fund in order to maintain fairness between unitholders remaining in and unitholders leaving that Insured Fund. This could occur where, for example, prices are not available from a relevant stock market (a market in which shares or other stock are issued and traded either through exchanges or over-the-counter markets) or an External Investment Manager or one of our suppliers does not provide prices in time, or as a result of difficulties in valuing a particular asset held by an Insured Fund (for example, because the stock market is not open). Where the valuation of an Insured Fund is suspended, we will take our Management Charges (described in provision 7 (Charges and discounts)) for the days during which the valuation of that Insured Fund was suspended on the day when prices are available again and we resume valuing the Insured Fund.
- (ii) The maximum value of the Linked Assets in an Insured Fund is based on the following:
  - (a) the maximum value of the total Linked Assets in that Insured Fund (please see provision 3.2(i));
  - (b) plus the value of any money that has not been invested;
  - (c) plus an estimate of the income earned but not yet received by the Insured Fund;
  - (d) less any money which we have borrowed on behalf of the Insured Fund;
  - (e) less an estimate of charges incurred by the Insured Fund but not yet paid;
  - (f) less an appropriate allowance for the effect of any taxes which may be applicable.
- (iii) The minimum value of the Linked Assets in an Insured Fund, is based on the following:
  - (a) the minimum value of the total Linked Assets in that Insured Fund (please see provision 3.2(ii));
  - (b) plus the value of any money that has not been invested;
  - (c) plus an estimate of the income earned but not yet received by that Insured Fund;
  - (d) less any money which we have borrowed on behalf of the Insured Fund;
  - (e) less an estimate of charges incurred by the Insured Fund but not yet paid;
  - (f) less an appropriate allowance for the effect of any taxes which may be applicable.

#### 3.2. Valuing the underlying assets in an Insured Fund

- (i) The maximum value of an underlying asset held by an Insured Fund will not be greater than the market price at which it could be bought allowing for the expenses of purchasing that asset.
- (ii) The minimum value of an underlying asset held by an Insured Fund will not be less than the market price at which it could be sold allowing for the expenses of selling that asset.
- (iii) When we value the assets in an Insured Fund, we will do so on a basis that is fair to unitholders remaining in and unitholders leaving that Insured Fund. We will base the value of:
  - (a) quoted securities (such as stocks and shares) on the prices quoted on the relevant stock market;
  - (b) Mutual Funds managed by External Investment Managers on the prices available from the relevant External Investment Managers; and
  - (c) investments in buildings or land on valuations prepared and certified by independent valuers appointed by us and then adjusted by us to take account of changes in prices, where material, since the last valuations.
- (iv) We will determine values of all other assets (e.g. unquoted securities) on a fair basis.
- (v) Where we require values for assets in an Insured Fund on a day when the price is not available, for instance because the relevant stock exchange is not open or the External Investment Manager is not open for business, we will use the values determined at the last valuation. Where values are not available after a period of 30 days, we will base the value on the last known valuation price available to us. Please note however that the surrender value may be higher or lower than the valuation price given in such circumstances.

### **3.3. Valuing Mutual Funds and Whole of Market Funds**

The value of Mutual Funds and Whole of Market Funds are based on the prices quoted by the relevant External Investment Manager. We may from time to time provide information to you on the performance of the Mutual Funds and Whole of Market Funds, where they are included in the Linked Assets as appropriate, but in order for us to provide accurate valuations to you we will be dependent on the relevant External Investment Manager providing accurate and timely information to us. You can usually find out the most recently published prices of these Funds by speaking to your Financial Adviser. Please bear in mind that Mutual Funds and Whole of Market Funds may be priced monthly or at other frequencies. The valuation you receive from us will be based at the last available Pricing Point, is for illustrative purposes only, and may differ from the actual valuation of the Funds.

### **3.4. Valuing Deposit Accounts**

Our ability to provide you with a value of money held in a Deposit Account is dependent on our receiving the information from the relevant Deposit Account provider. In most cases, the up to date value will be available each Business Day from your Financial Adviser or on the following website address: [www.standardlife.co.uk](http://www.standardlife.co.uk) (you will need a password to access the online portal which you can get from us). However, in some cases, the value may not be updated until maturity.

### **3.5. Valuing the IB Bank Account**

The value of the Linked Assets held in the IB Bank Account will be available each Business Day from your Financial Adviser or on the following website address: [www.standardlife.co.uk](http://www.standardlife.co.uk).

### **3.6. Valuing the Elevate GIA**

Elevate will provide us with the value of all Linked Assets in the Elevate GIA. In order for us to provide accurate valuations to you, we will be dependent on Elevate providing accurate and timely information to us. We are not responsible for a failure by Elevate in providing us with the most recent and updated information. You can find out the most recently published prices of the relevant investments and of the value of the Elevate GIA by speaking to your Financial Adviser. Please bear in mind that some investments may be priced weekly or at other frequencies.

### **3.7. Values provided by Discretionary Investment Managers**

The Discretionary Investment Manager will provide us with valuations of the Linked Assets they manage for us. In order for us to provide accurate valuations to you we will be dependent on the relevant Discretionary Investment Manager providing accurate and timely information to us. We are not responsible for a failure by the Discretionary Investment Manager in providing us with the most recent and updated information. You can find the most recently published prices of the relevant Funds by speaking to your Financial Adviser or the Discretionary Investment Manager. Please bear in mind that Mutual Funds and Whole of Market Funds may be priced weekly or at other frequencies.

## **4. Pricing Funds**

### **4.1. Insured Funds – General**

- (i) Each day, we will set the Unit Price for a particular type of Unit in an Insured Fund based on the value of the underlying assets in that Insured Fund at the latest Pricing Point. We will set the Unit Price at an amount that maintains fairness between unitholders remaining in that Insured Fund and unitholders leaving that Insured Fund. In doing so, we can set the price as the maximum or minimum Unit Price described in provisions 4.1(ii) and 4.1(iii) or at a price between those amounts. We would normally use the maximum Unit Price where we expect the Insured Fund to grow in size, so it is fairer to unitholders remaining in the Insured Fund that we allow for the costs of buying assets when allocating Units. We would normally use the minimum Unit Price where we expect the Insured Fund to shrink in size, so it is fairer to unitholders remaining in the Insured Fund that we allow for the costs of selling assets when cancelling Units. We use a Unit Price between those amounts when we expect the Insured Fund to stay about the same size. We may take into account any significant movement into or out of the Insured Fund on a particular day.
- (ii) The maximum Unit Price of a Unit in an Insured Fund for a particular day is:
  - (a) the maximum value of the Insured Fund as calculated on the previous day in accordance with the method described in provisions 3.1 (Calculating the value of Insured Funds) and 3.2 (Valuing the underlying assets in an Insured Fund), less
  - (b) the Management Charges set out in provision 7 (Charges and discounts) due on that day, divided by:
  - (c) the number of Units in that Insured Fund, and
  - (d) rounded up to six decimal places.

However we may set the actual Unit Price below the maximum Unit Price in order to maintain fairness between

unitholders remaining in that Insured Fund and unitholders leaving that Insured Fund.

(iii) The minimum Unit Price (the 'cancellation' or 'bid' basis) of a Unit in an Insured Fund for a particular day is:

- (a) the minimum value of the Insured Fund as calculated on the previous day in accordance with the method described in provisions 3.1 (Calculating the value of Insured Funds) and 3.2 (Valuing the assets in an Insured Fund), less
- (b) the Management Charges set out in provision 7 (Charges and discounts) due on that day, divided by:
- (c) the number of Units in that Insured Fund, and
- (d) rounded up to six decimal places

However we may set the actual Unit Price above the minimum Unit Price in order to maintain fairness between unitholders remaining in that Insured Fund and unitholders leaving that Insured Fund.

#### 4.2.

#### Pricing basis for Insured Funds in particular circumstances

- (i) (a) For the purposes of provision 5.1 (How we allocate and cancel Units in Insured Funds), we use the Unit Price that is set for the Business Day on which the Units in Insured Funds are allocated (i.e. Linked) to or cancelled from your Policies in your Bond.
- (b) To operate our Insured Funds efficiently for the overall benefit of unitholders, we will allocate or cancel Units in accordance with your instruction no later than three Business Days after we receive the Payment together with all information which we need to process your instruction. Units will be allocated or cancelled at the Unit Price for the relevant Business Day.
- (c) In deciding the Business Day on which we allocate Units in Insured Funds to your Policies in your Bond in provision 4.2(i)(b), we can take account of the following factors:
  - (1) the method by which we receive the Payment and therefore the Business Day when the Payment will be available to be invested in Linked Assets;
  - (2) the Start Date;
  - (3) the Insured Fund(s) concerned;
  - (4) whether or not we receive your instruction to invest the Payment before or after the SL Dealing Cut-off Point; and
  - (5) any other reasonable factors.

To maintain fairness, we will however use the same factors for all unitholders in the same situation.

- (ii) For the purposes of provision 9 (Switching Funds) switching between Funds may involve both (i) allocating or cancelling Units in Insured Funds, and/or (ii) buying or selling other investment types. If you want us to switch Units out of an Insured Fund and into another Insured Fund, we will cancel Units in the Insured Fund(s) you want us to switch out of and allocate Units in the Insured Fund(s) you want to switch into, no later than three Business Days after the Business Day on which we received your switch instructions. This is provided that we received your instructions before the SL Dealing Cut-off Point. If we received your instructions after the SL Dealing Cut-off Point, we will allocate Units three Business Days after the Business Day on which we received your switch instructions. We can however delay a switch between Insured Funds in accordance with provision 1.20 (An overview of how the Bond assets work) and 9.2 (v) (Insured Funds and Mutual Funds).
- (iii) (a) For the purposes of provision 10 (Taking Regular Withdrawals) the Unit Price will be the Unit Price set on the date of each Regular Withdrawal.
- (b) We may temporarily stop accepting instructions to allocate or cancel Units in an Insured Fund. If we do so the Unit Price used will be that set for the day we resume accepting sale instructions.
- (iv) (a) For the purposes of provision 11 (Cashing-in all or some of the Policies in the Bond), the Unit Price for each of the Insured Funds you select will be the Unit Price set no later than three Business Days after the Business Day on which we receive your instructions. This is provided that we received your instructions before the SL Dealing Cut-off Point. If we received your instructions after the SL Dealing Cut-off Point, we will cancel Units three Business Days after the Business Day on which we received your instructions
- (b) We can however delay processing your request in accordance with provision 1.20 (An overview of how the Bond assets work). If we do so the Unit Price used will be that set for the day we resume processing sale instructions.
- (v) For the purposes of provision 13 (What we pay on death) if we accept any Payment(s) on or after the date we receive notification of the death of the last surviving Life Assured, and the Policies in the Bond were owned by

an individual, we will return the Payment to the person entitled to the Death Benefits under provision 13. Where the Policies in the Bond are held in trust and the Settlor is the last surviving Life Assured to die, we will return any Payment paid to us after notifying the death to the estate of the Settlor.

- (vi) We will use the same pricing basis for all unitholders in an Insured Fund to maintain fairness.
- (vii) When we create or cancel Units in an Insured Fund, we will ensure that the creation/cancellation of these Units does not materially affect the Unit Price of a Unit in that Insured Fund. We will therefore not create Units in any Insured Fund unless assets equivalent in value to the value of the Units created are added to the Insured Fund at the time of the creation of the Units. Nor will we cancel Units in any Insured Fund unless assets equivalent in value to the value of the Units cancelled are withdrawn from the Insured Fund at the time of the cancellation of the Units (except to meet the Management Charges described in provision 7 (Charges and discounts)).

#### **4.3. Mutual Funds and Whole of Market Funds – General**

- (i) Prices of Units of Mutual Funds and Whole of Market Funds are based on the value of the underlying assets in each Mutual Fund or Whole of Market Fund. You can find the most recently published price for the Mutual Funds or Whole of Market Funds in which you can invest or details on the pricing mechanism of a Mutual Fund or Whole of Market Fund by contacting your Financial Adviser. You should remember that all prices are historic prices and are not, therefore, prices at which we are able to deal.
- (ii) The price of the Units purchased will reflect the price available from the External Investment Manager of the Mutual Funds or Whole of Market Funds at the relevant Pricing Point.
- (iii) When you, or your Financial Adviser on your behalf, instruct us to sell Units in a Mutual Fund or Whole of Market Fund these Units will be purchased by the External Investment Manager of that Mutual Fund or Whole of Market Fund. The proceeds will be retained within the IB Bank Account unless you instruct us otherwise.

#### **4.4. Pricing basis for Mutual Funds and Whole of Market Funds in particular circumstances**

- (i) If you instruct us to acquire Units in a Mutual Fund when you make the Payment (i.e. for the purposes of provision 5.2 (How we allocate or cancel Units in Mutual Funds)), we will place the instruction to purchase these Units as soon as reasonably possible but no later than at the close of three Business Days following the Business Day we received your Payment provided that:
  - (a) We receive the Payment before the relevant Fund Dealing Cut-off Point on the relevant Business Day;
  - (b) The relevant Mutual Fund or Whole of Market Fund provides daily prices. If the relevant Mutual Fund or Whole of Market Fund does not provide daily prices we will attempt to purchase Units at the next available Pricing Point. This may take longer depending on the Whole of Market Fund you have chosen to Link to the Policies in your Bond.

Where a Payment is paid by cheque or direct debit or standing order it will be Linked to the Policies in your Bond from the Business Day we receive cleared funds.

- (ii) If you instruct us to acquire Units in a Whole of Market Fund when you make the Payment we will place the instruction to purchase these Units as soon as reasonably possible but the actual day/time of purchase will depend on the processes of each Whole of Market Fund manager. If you want us to switch Units out of a Whole of Market Fund to another Whole of Market Fund, an Insured Fund or a Mutual Fund, or if you want to switch to a Whole of Market Fund, this will be done as soon as reasonably possible but will depend on the processes of each Whole of Market Fund manager because some such managers may trade on either a daily, weekly or monthly basis. For a Whole of Market Fund switch, the money from the cash-in of a Whole of Market Fund must be held in the IB Bank Account before we can acquire another asset to Link to the Policies in your Bond. Before placing an instruction regarding a Whole of Market Fund you may wish to contact us to confirm the timescales by which Units can be acquired by us for Linking to the Policies in your Bond.
- (iii) (a) For the purposes of provision 9 (Switching Funds), if you want us to switch Units out of a Mutual Fund and into Units of another Mutual Fund, we will provide a sale instruction to the relevant External Investment Manager as soon as reasonably possible after receiving the instruction but no later than three Business Days following the Business Day on which we receive your switch instruction. Units will be sold at the Unit Price set by the relevant External Investment Manager for the Business Day that our deal instruction has been placed with them. This is provided that we received your instructions before the Fund Dealing Cut-off Point. If we received your instructions after the Fund Dealing Cut-off Point, we will allocate Units three Business Days after the Business Day on which we received your switch instructions. For Whole of Market Funds we will follow the same process as for Mutual Funds but the process may take longer due to the External Investment Manager's processes and requirements. As described in provision 1.20, an External Investment Manager of a Mutual Fund may delay the sale or purchase of Units in a Mutual Fund or Whole of Market

Fund and if an External Investment Manager delays the implementation of our sale instruction, the Unit Price used will be that at which the External Investment Manager finally executes the sale instruction.

- (b) Upon receiving the sale proceeds from the External Investment Manager whom we instructed to sell Units, we will provide a purchase instruction to the External Investment Manager of the Mutual Fund you want us to switch Units into. We will purchase these Units no later than three Business Days after we receive the sale proceeds. Units will be purchased at the Unit Price set by the relevant External Investment Manager for the Business Day that our deal instruction has been placed with them.
- (iv) (a) For the purposes of provision 9 (Switching Funds), if you want us to switch Units out of a Mutual Fund and into Units of an Insured Fund we will provide a sale instruction to the External Investment Manager of the Mutual Fund you want us to switch Units out of as soon as reasonably possible after receiving the instruction but no later than three Business Days after the Business Day on which we receive your switch instruction. This is provided that we received your instructions before the Fund Dealing Cut-off Point. If we received your instructions after the Fund Dealing Cut-off Point, we will allocate Units three Business Days after the Business Day on which we received your switch instructions. Units will be sold at the Unit Price set by the relevant External Investment Manager for the Business Day that our deal instruction has been placed with them. If an External Investment Manager delays the implementation of our sale instruction, the Unit Price used will be that at which the External Investment Manager finally executes the sale instruction and we cannot be held responsible for any loss you may suffer as a consequence of the delay in exercising the sale instruction.
- (b) Upon receiving the sale proceeds from the External Investment Manager whom we instructed to sell Units, we will allocate Units in the Insured Fund you want us to switch into at the Unit Price set by us for that Business Day.
- (v) For the purposes of provision 9 (Switching Funds), if you want us to switch Units out of an Insured Fund and into Units of a Mutual Fund we will as soon as reasonably possible after receiving the instruction but no later than three Business Days after the date on which we receive your switch instruction, (i) cancel Units in the Insured Fund you want us to switch out of at the price set by us for that Business Day and (ii) provide a purchase instruction to the External Investment Manager of the Mutual Fund you want us to switch Units into no later than three Business Days after we have cancelled the Units in the Insured Fund. This is provided that we received your instructions before the Fund Dealing Cut-off Point. If we received your instructions after the Fund Dealing Cut-off Point, we will allocate Units three Business Days after the Business Day on which we received your switch instructions. Units will be purchased at the Unit Price set by the relevant External Investment Manager for the Business Day that our deal instruction has been placed with them.
- (vi) For the purposes of provision 10 (Taking Regular Withdrawals), the Unit Price will be the Unit Price on the scheduled date of each withdrawal provided that no delays in the sale and purchase of Units will apply.
- (vii) (a) For the purposes of provision 11 (Cashing-in all or some of the Policies in the Bond), we will provide a sale instruction to the External Investment Manager of the Mutual Fund from which you want us to sell Units three Business Days following the Business Day on which we receive your instruction. This is provided that we received your instructions before the Fund Dealing Cut-off Point. If we received your instructions after the Fund Dealing Cut-off Point, we will allocate Units three Business Days after the Business Day on which we received your instructions. Please note that for cash-ins concerning Whole of Market Funds this timescale may be longer.
  - (b) Units will be sold at the Unit Price set by the relevant External Investment Manager for the Business Day that our deal instruction has been placed with them. If an External Investment Manager delays the implementation of our sale instruction, the Unit Price used will be that at which the External Investment Manager finally executes the sale instruction.
  - (c) We can however delay processing your request in accordance with provision 1.20 (An overview of how the Bond assets work).
- (viii) (a) For the purposes of provision 13 (What we pay on death), we will provide a sale instruction to all the External Investment Managers of the Mutual Funds or Whole of Market Funds to which the Policies in your Bond are Linked three Business Days after the Fund Dealing Cut off Point on the Business Day on which we are notified of the death.
  - (b) Units will be sold at the Unit Price set by the relevant External Investment Manager for the Business Day that our deal instruction has been placed with them. If a Discretionary Investment Manager delays providing a sale instruction to an External Investment Manager, and/or if an External Investment Manager delays the implementation of our sale instruction, the Unit Price used will be that at which the External Investment Manager finally executes the sale instruction.
- (ix) The External Investment Manager of a Mutual Fund or a Whole of Market Fund can delay or suspend a sale

or purchase of Units if the Funds they manage are invested in property or in other investments that can take time to buy or sell. This is also explained in provision 1.20 (An overview of how the Bond assets work).

## 5. How we allocate and cancel Units

This section sets out how we allocate and cancel Units in Insured, Mutual and Whole of Market Funds. Discretionary Investment Managers and the Elevate Platform may have different procedures – speak to your Financial Adviser for details.

### 5.1. How we allocate and cancel Units in Insured Funds

- (i) When you make a Payment, we will use the Investment Content of the Payment to allocate Units in the Insured Fund(s) of your choice. If you have chosen more than one Insured Fund, we will split the Investment Content of the Payment in accordance with your instructions before we allocate Units in each Insured Fund. The split between the Insured Fund(s) will be identical for each of your Policies in your Bond.
- (ii) We calculate the number of Units to allocate to the Insured Fund which you selected by dividing the amount that we are to apply to that Insured Fund by that Insured Fund's Unit Price for the appropriate Business Day determined in accordance with provision 4.2 (Pricing basis for Insured Funds in particular circumstances).
- (iii) Where you ask us to switch Insured Funds in accordance with provision 9 (Switching Funds), we will cancel the Units in the Insured Fund(s) you want us to switch out of and allocate the Units in the Insured Fund(s) you want us to switch to on the same Business Day which is determined in accordance with provision 4.2(ii) (Pricing basis for Insured Funds in particular circumstances).
- (iv) We calculate the number of Units to cancel as a result of your switch instruction by dividing the amount that you instructed us to switch out of one or more Insured Funds by the Unit Price of those Insured Funds. We then calculate the numbers of Units to allocate to the Insured Fund(s) you want us to switch into by dividing the amount that you instructed us to switch into one or more Insured Funds by the Unit Price of those Insured Funds.
- (v) We allocate Units in each Insured Fund to the nearest 1/1000th of a Unit (we will round up a 5/10000th of a Unit).
- (vi) Where we cancel Units in any Insured Fund Linked to your Policies, it is usually on the basis that you have instructed us that you want to take Regular Withdrawals under provision 10 (Taking Regular Withdrawals), make a switch under provision 9 (Switching Funds) or to cash-in all or some or part of the Policies in your Bond under provision 11 (Cashing-in all or some of the Policies in the Bond). We may cancel Units in the event that the IB Bank Account has a negative balance and we need to sell Units to meet any shortfall in that account. Please see provision 6.10 (IB Bank Account).
- (vii) We calculate the amount raised by cancelling Units in an Insured Fund by multiplying the number of Units cancelled by that Insured Fund's Unit Price for the appropriate Business Day determined as explained in provision 4.2 (Pricing basis for Insured Funds in particular circumstances) as appropriate.
- (viii) Where provision 5.1(vi) applies, we cancel Units from each Insured Fund to the nearest 1/1000th of a Unit (we will round down a 5/10000th of a Unit).
- (ix) We will meet the costs of rounding up and down and keep any money left over.

### 5.2. How we allocate or cancel Units in Mutual Funds and Whole of Market Funds

- (i) For the purposes of this provision 5.2 references to Mutual Funds will include Whole of Market Funds.
- (ii) When you make a Payment, we will use the Investment Content of the Payment to purchase Units in the Mutual Fund(s) of your choice from the relevant External Investment Manager(s) of these Mutual Fund(s). If you have chosen more than one Mutual Fund, we will split the Investment Content of the Payment in accordance with your instructions before we purchase Units from the relevant External Investment Manager of the Mutual Funds which you have selected. The split between the Mutual Fund(s) will be identical for each of your Policies in your Bond.
- (iii) The Policies in your Bond will be Linked to a number of Units calculated by dividing the amount that you asked us to invest in a Mutual Fund by that Mutual Fund's Unit Price for the appropriate Business Day determined in accordance with provision 4.4 (Pricing basis for Mutual Funds and Whole of Market Funds in particular circumstances).
- (iv) (a) Where you ask us to switch Mutual Funds in accordance with provision 9 (Switching Funds), we will proceed as described in provision 4.4.  
(b) The number of Units to be deducted from the Policies in your Bond will be calculated by dividing the amount that you instructed us to switch out of one or more Mutual Funds by the Unit Price set by the

External Investment Manager of those Mutual Funds on the Business Day described in provision 4.4(iii)(a).

- (c) The number of Units to be Linked to the Policies in your Bond will be calculated by dividing the sale proceeds received from the External Investment Manager, which we instructed to sell Units as a result of your switch instruction, by the Unit Price set by the External Investment Manager of those Mutual Funds into which you want to switch on the Business Day described in provision 4.4.
- (d) Due to the difference between the Business Days on which Units are sold and purchased if the switch involves Mutual Funds the implementation of a switch instruction may result in the Investment Content being temporarily uninvested and held as Linked Assets in the IB Bank Account pending reinvestment.

(v) Each External Investment Manager may round its calculation when determining how many Units to sell or buy.

(vi) (a) When you instruct us to reduce our investment in any Mutual Fund in respect of your Policies in your Bond, we will sell Units in that Mutual Fund to the External Investment Manager of that Mutual Fund.

(b) The number of Units to be deducted from the Policies in your Bond will be calculated by dividing the amount that you asked us to disinvest from a Mutual Fund by that Mutual Fund's Unit Price for the appropriate Business Day determined in accordance with provision 4.4 as appropriate.

(c) When you instruct us to sell Units in any Mutual Fund in respect of your Policies in your Bond, the amount raised by that sale will be calculated by multiplying the number of Units that you instructed us to sell by that Mutual Fund's Unit Price for the appropriate Business Day determined in accordance with provision 4.4 as appropriate.

(vii) Each External Investment Manager may stipulate the total number of Units to be sold in any Mutual Fund and/or the minimum Remaining Value in the relevant Mutual Fund after the Units have been sold. Your Financial Adviser can confirm whether any restrictions apply to any Mutual Fund.

(viii) Please note that as explained in provisions 1.20 (An overview of how the Bond assets work) and 2.2 (How Mutual Funds and Whole of Market Funds work), the External Investment Manager of the Mutual Funds may, in some circumstances, be allowed to suspend or delay transactions.

## 6. IB Bank Account

- 6.1. If you choose to invest all or part of your Payment in investments other than Insured Funds, or to request us to appoint a Discretionary Investment Manager, a proportion of it must be held as Linked Assets in the IB Bank Account. Please be aware that the IB Bank Account is not a long term investment option. The IB Bank Account is a necessary facility to enable investment in Linked Assets other than Insured Funds. Please speak to your Financial Adviser to determine both a suitable amount and your investment requirements. It is your responsibility to satisfy yourself as to how much money you need to hold in the IB Bank Account at any time.
- 6.2. We appoint a bank to operate the IB Bank Account. We will not be liable for any loss suffered by you in the event that the provider of the IB Bank Account fails, and therefore you bear the risk in the event of insolvency of the IB Bank Account provider and if the Linked Assets include money in your IB Bank Account when it becomes insolvent you will bear any loss. In selecting the IB Bank Account provider we will have regard to the reputation, risk and creditworthiness of such provider.
- 6.3. Money held in the IB Bank Account will be pooled together with money we hold in relation to other clients. This is not held on behalf of (or on trust for) you but it is held by us on our own account and forms part of the underlying assets held by us to which your rights are Linked. We may also use our own clearing accounts for payments into and out of your Bond.
- 6.4. We may alter the provider of the IB Bank Account from time to time. We will not be able to change the IB Bank Account provider at your request (because the IB Bank Account is not a long term investment option). Should you wish to know the identity of the IB Bank Account provider at any given time, you or your Financial Adviser can contact us for this information at any time.
- 6.5. We will keep a record of the amount of money in the IB Bank Account each day. While in credit any interest to be added will be added by the IB Bank Account provider to the IB Bank Account according to our instructions (currently on a monthly basis in arrears) and we will keep a record of how much interest is earned on the money in the IB Bank Account. The rate of interest will vary from time to time. For details of the rate of interest applicable to the IB Bank Account, please speak to your Financial Adviser or visit [www.standardlife.co.uk/bank-account](http://www.standardlife.co.uk/bank-account).
- 6.6. Depending on economic circumstances it is possible that no interest at all may be payable or paid on the IB Bank Account during the life of your Bond. If interest is not paid on the Linked Assets in the IB Bank Account this may be because, for example, banks whom we consider to be acceptable having regard to their reputation, risk and creditworthiness as IB Bank Account providers may not in the future offer any interest on bank accounts or we may not be able to negotiate a favourable interest rate with an acceptable IB Bank Account provider. It is also possible that instead of interest being payable you may be charged to operate the IB Bank Account. If such additional charge is payable by you it will be included within the charges as set out in provision 7 (Charges and discounts). We will give you as much notice as possible but we may not be able to give you 30 days notice of such change as set out in provision 7 because, for example, we may not have been given sufficient notice by the IB Bank Account provider.
- 6.7. Where interest is paid at regular intervals no interest will be applied between the last interest payment date and the date when you cash-in part or all of the Policies in your Bond.
- 6.8. We will take money from the Linked Assets held in the IB Bank Account to:
  - (a) buy other assets (except Insured Funds) to Link to the Policies in your Bond in accordance with your instructions or the advice of the Discretionary Investment Manager (if any) (subject to clause 1 (iii)). This includes money necessary for switch instructions (described in provision 9 (Switching Funds)). If we receive an instruction to buy Linked Assets, we will not carry out the instruction if the Linked Assets in the IB Bank Account are not large enough;
  - (b) pay the charges payable by you in respect of the Linked Assets, other than in respect of Insured Funds (please see provision 7 (Charges and discounts)); or
  - (c) make payments to you or to any person who you nominate (your nominee) when you instruct us to do so (subject to satisfactory anti-money laundering checks being completed), in accordance with provision 10 (Taking Regular Withdrawals) and provision 11 (Cashing-in all or some of the Policies in the Bond) or when we make payments on death (see provision 13 (What we pay on death)).

If you don't give us any investment instructions, money will stay in the IB Bank Account as Linked Assets.

6.9. We will deposit money in the IB Bank Account when we:

- (a) receive a Payment from you with instructions to Link assets to your Policies in your Bond;
- (b) receive the proceeds of the sale of any Linked Assets (except Insured Funds) and includes proceeds from switch instructions (described in provision 9 (Switching Funds)). Please be aware there may be a delay between instructing a switch and when the money is available in the IB Bank Account;
- (c) receive income from any Linked Assets (except Insured Funds) held under the Policies in your Bond;
- (d) receive any other payment relating to any Linked Assets or the performance of any Discretionary Investment Manager in relation to Linked Assets.

6.10. (a) It is important that you have sufficient money in the IB Bank Account to cover the payments detailed in provision 6.8 and 7.10 and to prevent negative balances. Please contact your Financial Adviser to determine a suitable amount to retain in the IB Bank Account so you can plan for further investments or for Regular Withdrawals or cash-ins as appropriate.

(b) If the Linked Assets held in the IB Bank Account are not sufficient to cover payments from the IB Bank Account, unless we are otherwise instructed by you in good time, and after informing you or your Financial Adviser of the situation we may raise the required sum by:

- (1) cancelling Units proportionately across all of the Policies Linked to the Insured Funds and transferring the proceeds to the IB Bank Account;
- (2) if this produces an insufficient amount or there are no Insured Funds, we may cancel Units proportionately across all of the remaining Policies Linked to the Mutual Funds, Whole of Market Funds and with Discretionary Investment Managers and transfer the proceeds to the IB Bank Account; or
- (3) if this also produces an insufficient amount, we may then make a withdrawal from any Deposit Accounts and transfer the proceeds to the IB Bank Account.

We reserve the right to cancel Units and/or withdraw cash (as set out above) at any time to cover payments from the IB Bank Account as they become due. In order to avoid repeating such actions too frequently, we may sell investments and/or withdraw money of a greater value than the amount outstanding to cover payments due for up to 12 months in advance. We will contact you or your Financial Adviser before we do so.

Please note that this section does not apply to the facilitation of Adviser Charges to your Financial Adviser. If you do not have enough money in the IB Bank Account or Units in the Insured Funds to cover the Adviser Charges, we will not apply the charge.

## 7. Charges and discounts

The charges payable by you depend on: (i) the investments (including charges by third party investment providers/managers) Linked to the Policies in your Bond; (ii) the charges we pay to your Financial Adviser; and (iii) the charges we deduct directly from the Policies in your Bond.

You can find the charges in your Charges and Discounts guide (IB92), unless the charges are associated with third parties or special terms apply to your Bond, and they will be made up of the charges described in this provision 7, depending on the Linked Assets you have chosen. If the charges are associated with third parties, or special terms apply to your Bond, we and/or your Financial Adviser will separately notify you of the details of these charges.

If you have requested, and we have agreed to facilitate the payment of Adviser Charges to your Financial Adviser, details of the relevant charges will be sent to you in a Confirmation Letter. The relevant charge will be deducted either before or after the Confirmation Letter is sent.

In the event we do not receive cleared funds following your Payment you will make good any loss suffered by us. We may suffer a loss if, for example, we have made a payment to your Financial Adviser, have not received the cleared funds from your Payment but have invested the Investment Content in Linked Assets.

We will also send you an annual statement which includes details of all costs and related charges. You can obtain information on the current level of the charges set out in this provision 7 from the current version of the Charges and Discounts guide, the relevant Investment Documentation, your Financial Adviser or from us at our Head Office at any time. You can also ask us for a breakdown of the costs and charges at any time.

## **Charges made by us**

Provisions 7.1 to 7.8 describe charges which apply in relation to your Bond itself and will be charged by us or by a Fund Manager through us.

### **7.1. Stepped product charge**

We will apply this charge if you invest in:

- Mutual Funds;
- Deposit Accounts (including Structured Deposits);
- Whole of Market Funds;
- Linked Assets on the Elevate GIA; (including those managed by a Discretionary Investment Manager);
- Linked Assets through a Discretionary Investment Manager.

This charge is an annual charge applied monthly in arrears. The level of the charge each month will be a percentage applied to the value of the Linked Assets. Different percentages will apply to each Linked Asset within the Bond. The percentage for each Linked Asset will be based on the total Bond Value (including Insured Funds and money in the IB Bank Account), depending on which assets are Linked to your Bond. We will deduct the charge from the IB Bank Account every month on the anniversary of the Start Date of the Policies in your Bond. If you reduce the amount of the Linked Assets during the course of a month, the amount that will be payable in respect of the charge will be reduced.

### **7.2. Elevate GIA charges**

- (i) If you invest on the Elevate Platform via the Elevate GIA, the charges will be made up of:
  - The Portfolio charge which Elevate take to carry out orders to buy and sell investments and service your account;
  - The charges for any specific investments selected;
  - The charges made by a Discretionary Investment Manager for managing the investments, where you and we have agreed that the Discretionary Investment Manager should be appointed.

Please refer to your Elevate Charges Information Document, which is available from your Financial Adviser, for the charges relating to the investments on the Elevate GIA.

### **7.3. Fund management charge**

- (i) This is a charge levied by the investment manager of each Insured Fund and Mutual Fund to pay for the services it provides. This charge is applied after Insured Funds and Mutual Funds have been valued and before the Unit Price is set. The details of the current fund management charge that applies to the Insured Funds and Mutual Funds will be provided to you before the Start Date. You can find out the fund management charge which applies to a particular Insured Fund and/or Mutual Fund in the relevant Investment Documentation which you can obtain from your Financial Adviser.
- (ii) We will not be responsible for any increase in the fund management charge levied by any External Investment Manager.
- (iii) We have the right to increase the fund management charge which we apply to the Insured Funds (including Externally Linked Insured Funds) and Mutual Funds which we manage. Increases will reflect increases in the Phoenix Group's overall costs of managing and operating these Insured Funds and Mutual Funds or any other reasonable grounds described in provision 7.17 (v) (How we set our charges). Any increases in the fund management charge levied by us will not increase the profit margins of the Phoenix Group above reasonable levels. We will give you 30 days notice before we increase the fund management charge of an Insured Fund or Mutual Fund that you invest in.
- (iv) If any of the Externally Linked Insured Funds invest in Units in Phoenix Group Funds, we will not double-charge. Our charge for a Fund that invests in another of our Funds will take account of any of our charges on the underlying Fund. An External Investment Manager will also pay fees and expenses out of the assets of their Funds.

### **7.4. Wealth Management Charges**

Your Financial Adviser will be able to confirm whether these charges apply to you. If these charges apply to you then you will not pay the stepped product charge. Should these charges apply to you we will deduct them to cover administrative costs and in particular:

#### **(i) Regular Administration Charge**

This charge is a percentage which will be applied to the amount you have invested in the bond and is paid over a fixed period of time. Should you pay a Regular Administration Charge, the Initial Administration Charge will not apply.

#### **(ii) Initial Administration Charge**

This is a one-off fixed charge which is applied at the time of making an investment in Linked Assets. This charge is applied as a percentage to reduce the amount of your Bond Value.

#### **(iii) Regular Fixed Charge**

This is a fixed monetary charge that is set at the Start Date and may be deducted on an annual, bi-annual, quarterly or monthly basis. This charge is reviewed regularly and may be adjusted. We will give you 30 days prior notice of any adjustment

We will deduct all the Wealth Management Charges by cancelling Units Linked to your Policies in the Insured Funds you selected and/or by deducting money from the IB Bank Account.

### **7.5. Switch charge**

We will not normally charge for switches between Funds, but we reserve the right to do so if:

- (i) in our reasonable opinion, you are using the switch option to attempt to make short term gains on your investments;
- (ii) the Insured Fund that you are asking us to switch into or out of is an Externally Linked Insured Fund (i.e. a fund which invests in Mutual Funds managed by External Investment Managers) in which case we will pass on any charge levied by any External Investment Managers in respect of the transaction;
- (iii) the External Investment Manager of a Mutual Fund that you are asking us to switch into or out of charges us for the transaction; or
- (iv) the Deposit Account provider of the Deposit Account you are asking us to switch out of makes a charge (please see provision 7.14 (Additional Deposit Account charges)).

However, this is a charge which we reserve the right to impose on all switches, if it becomes necessary for us to recover the costs we reasonably incur, as a result of carrying out switches between Funds Linked to your Policies, or for any other reasonable grounds mentioned in provision 7.17 (v) (How we set our charges). This charge would be set in line with the factors explained in provision 7.17. If we do introduce such a charge we will give you 30 days prior notice.

### **7.6. Monetary charges**

The charges described in provisions 7.4 (iii) (Regular Administration Charge) and 7.11 (Dealing and custodial charges) are monetary charges. Any increases in this type of charge will not increase our profit margins on the Bond above reasonable levels.

We may also introduce new monetary charges:

- (i) for new options or services;
- (ii) for additional administration costs imposed on us or which we couldn't have reasonably anticipated at the start of the Policies in the Bond; or
- (iii) to make reasonable adjustments to set an appropriate level of charges for our policyholders.

Where, as a result of a review under provision 7.17 (How we set our charges), we increase the charges described in this provision 7.6 or add new ones in order to cover additional administration costs, we'll give you 30 days notice before these changes become effective.

### **7.7. Special terms**

- (i) Your Financial Adviser may have negotiated special terms to reduce the effect of the charges under the Bond.
- (ii) The special terms may be specific to your Bond alone or they may be terms that are applied on all our Bonds managed by your Financial Adviser. Where the terms are specific to your Bond alone the terms will apply for the lifetime of the Bond. Where the terms are given because you are supported by a specific Financial Adviser they will stop if you stop being supported by that Financial Adviser. The special terms will also stop if the Financial Adviser sells his business to another Financial Adviser (this includes a change of control if the Financial Adviser is a corporate entity).
- (iii) If this applies to you the detail of the special terms will be provided to you by your Financial Adviser before the Start Date.

(iv) The special terms may either reduce charges payable by you or provide you with a discount such as the large fund discount described in provision 7.8. For more information about this you can contact us.

#### **7.8. Large Fund Discount**

- (i) If you invest in Insured Funds, you may qualify for a large fund discount based on the value of the assets Linked to Funds. You will only receive a large fund discount if you link Insured Funds to the Policies in your Bond. We will use the total Bond Value to set the rate of the large fund discount for the Bond should you be eligible for one which will determine the discount to be applied to the Insured Funds linked to your Bond.
- (ii) We then apply that rate (which is a percentage) to the value of the assets Linked to the Insured Funds. The large fund discount is then provided by allocating Units to the assets Linked to the Insured Funds you selected and/or by adding money to the IB Bank Account, in arrears on a monthly basis starting from one month from the Start Date.
- (iii) Where, as a result of a review under provision 7.17 (How we set our charges), we reduce (or stop applying) the large fund discount, we'll give you 30 days notice before the change becomes effective.

#### **Charges payable to your Financial Adviser**

You can pay for the services of your Financial Adviser in a number of ways. You can agree to pay a fee directly to your Financial Adviser. You can also agree that we should facilitate the payment of Adviser Charges to your Financial Adviser. Provisions 7.9 and 7.10 explain how the payment of Adviser Charges will impact upon the Policies in the Bond, and you should also read the "Terms and Conditions for paying your adviser" booklet (IBAC62) for full details.

If you received advice regarding a Payment to your Bond on or before 31st December 2012, you may have agreed that we should pay commission to your Financial Adviser and we would have set relevant charges to cover the payment of commission. Schedule B explains how commission charges will impact upon the Policies in the Bond.

We will stop paying any commission or other charges to your Financial Adviser if this is necessary for us to comply with the requirements of the Central Bank of Ireland, the FCA or the FCA Rules.

#### **7.9. Adviser Charges**

- (i) You may instruct us to facilitate the payment of Adviser Charges to your Financial Adviser. Please note that the charges in this section will only be applied if you and your Financial Adviser instruct us to do so. If you move away from the United Kingdom, Channel Islands or Isle of Man, we may not be able to facilitate the payment of Adviser Charges, and we reserve the right to reverse any such Adviser Charges that we have paid in error.
- (ii) You must agree the amount of the Adviser Charge with your Financial Adviser before you ask us to pay anything on your behalf. We are not responsible for setting the amount of the Adviser Charge, and this is a private matter between you and your Financial Adviser. You agree that we may accept and act on instructions from your Financial Adviser in relation to the Adviser Charges. We won't get involved in any dispute between you and your Financial Adviser. If there is a dispute as to what you have actually agreed to pay your Financial Adviser, you and your Financial Adviser must resolve that dispute between yourselves.
- (iii) The charges will be deducted in accordance with provision 7.10 and will be paid in accordance with the instructions notified to us by you and your Financial Adviser. You can have more than one type of charge on your Bond to facilitate the Adviser Charges. Please see your Confirmation Letter for full details of the charges that you have chosen to be applied to your Bond to facilitate the Adviser Charges.
- (iv) Please note that the actual amount of Adviser Charge paid by us to your Financial Adviser may be less than the Adviser Charge requested. This is because your Bond is made up of a number of different Policies, and so the amount of Adviser Charges paid needs to be divisible by the number of Policies held within your Bond.
- (v) It is your responsibility to ensure that you maintain a sufficient amount in the IB Bank Account and Units in the Insured Funds to cover the charges. If you do not have enough money in the IB Bank Account or Units in the Insured Funds to cover the Adviser Charges, we will not apply the charge. We will notify you and your Financial Adviser if we have not paid the Adviser Charge on your behalf.
- (vi) Please note that we do not have to agree to facilitate the payment of the Adviser Charges and we reserve the right to refuse to do so if, for example, the Start Date of your Bond is before 31 March 2007. If we do agree to facilitate the payment of Adviser Charges to your Financial Adviser certain terms and conditions will apply

(please see the 'Terms & Conditions for paying your adviser' booklet (IBAC62) which accompanies your Confirmation Letter). We recommend that you speak to your Financial Adviser who will be able to provide you with a copy of the terms and conditions of the Adviser Charges. We also recommend that you take appropriate independent tax advice before asking us to facilitate any Adviser Charges from within your Bond.

## 7.10. **Facilitation of Adviser Charges**

You can have more than one type of Adviser Charge on your Bond. You have the right to ask us to stop taking the ongoing adviser charges and/or regular initial adviser charges at any time. We must be notified if you wish to change the frequency, time period and amount of ongoing adviser charges and/or regular initial adviser charges. We will not pro-rata the charges where we are asked to change an existing amount. For example, if the instruction to cease payment is received mid-month, we will not deduct only part of the month's charge – none of the month's charge will be deducted. Please note that where the charge is deducted from within the Bond, it is currently restricted to being paid from the IB Bank Account and/or by cancelling Units from Insured Funds. Adviser Charges are not currently able to be facilitated from within other investment options (e.g. the Elevate GIA or from a Discretionary Investment Manager portfolio). We will notify you and/or your Financial Adviser if this position changes.

### (i) **Initial Adviser Charge**

You can choose this charge to be applied to single Payments you pay into the Bond. We will deduct the charge from the amount you are investing on the date we allocate your Payment to your Bond.

You can ask us to deduct this charge in one of two ways:

- (a) deduct the charge from the money you send us before the Payment is invested in the Policies in your Bond (the impact of this is that the deduction of the charge will not count as part of the 5% tax deferred withdrawal allowance); or
- (b) deduct the charge by deducting money from the IB Bank Account and/or by cancelling Units from the Insured Funds (e.g. if you don't have enough money in your IB Bank Account to cover the charge, or if you don't have an IB Bank Account). The impact of this option is that the deduction of the charge will count as part of the 5% tax deferred withdrawal allowance.

### (ii) **Regular Initial Adviser Charge**

This charge will only apply if you have chosen to pay Recurrent Single Payments to your Bond. If you have chosen to pay this charge you will agree the amount and frequency of payments with your Financial Adviser at the Start Date. You will need to tell us at the Start Date what the total charge will be when it is paid in full, the frequency, term and amount of each periodic payment. We will deduct this charge by deducting money from the IB Bank Account and/or by cancelling Units from the Insured Funds (for example if you don't have enough money in your IB Bank Account to cover the charge, or if you don't have an IB Bank Account). We will deduct this charge annually, bi-annually, quarterly or monthly (as agreed between you and your Financial Adviser and as notified to us) in arrears. We will notify you and your Financial Adviser if we have not paid the Adviser Charge on your behalf.

### (iii) **Ongoing Adviser Charge**

This charge can be set up at any point after the Start Date and will be made on a regular basis if you ask us to facilitate paying your Financial Adviser for his ongoing services to you. You can ask us to express this charge as a fixed monetary amount or as a percentage of the value of your Bond. When we say "value of your Bond" we mean the value of your Bond at the date the charge is deducted. If the charge is a fixed monetary amount, you must tell us how much is to be paid each time. If the charge is a percentage of the value of your Bond, we need to know the yearly percentage rate and the frequency (as set out below). Where the charge is a percentage of the value of your Bond, we will round down the calculated amount to the nearest amount that is divisible, to 1 whole penny, by the number of Policies held within your Bond. Any outstanding amounts will be carried over to the next ongoing Adviser Charge payment to your Financial Adviser.

We will deduct this charge by deducting money from the IB Bank Account and/or by cancelling Units from the Insured Funds (for example if you don't have enough money in your IB Bank Account to cover the charge, or if you don't have an IB Bank Account). We will deduct this charge annually, bi-annually, quarterly or monthly, as agreed between you and your Financial Adviser and as notified to us (the default is quarterly). We will notify you and your Financial Adviser if we have not paid the Adviser Charge on your behalf.

Once this charge is set up any Fund Based Renewal Commission that applies on your Bond will come to an end.

### (iv) **Ad Hoc Adviser Charge**

You and your Financial Adviser can agree this charge at any point in time by notifying us in writing. We will apply the charge by deducting money from the IB Bank Account and/or by cancelling Units from the Insured

Funds (e.g. if you don't have enough money in your IB Bank Account to cover the charge, or if you don't have an IB Bank Account). It is your responsibility to ensure that you maintain a sufficient amount in the IB Bank Account and Units in the Insured Funds to cover these charges.

#### Charges associated with third parties

Provisions 7.11 to 7.16 describe third party charges and will be paid by you according to the type of investments in which the Policies in the Bond are Linked. These charges will not be described in the Charges and Discounts guide, and you should speak to your Financial Adviser for further information.

#### **7.11. Dealing and custodial charges**

Dealing and custodial charges will apply in relation to transactions involving investments in Whole of Market Funds. We will deduct this charge from the Linked Assets in the IB Bank Account.

We do not currently impose dealing and custodial charges in relation to other assets Linked to the Policies in the Bond. However, we reserve the right to impose such charges in relation to transactions involving any of the Linked Assets, to recover the costs we reasonably incur, or for any other reasonable grounds mentioned in provision 7.17 (v) (How we set our charges). This charge would be set out in line with the factors explained in provision 7.17. If we do introduce such a charge we will give you 30 days prior notice.

#### **7.12. Additional Deposit Account charges**

The relevant Deposit Account provider may apply early withdrawal and other charges, such as a transfer of money charge (which may be greater if you request a same-day transfer), in which case we will pass on to the Linked Assets any charge levied by the Deposit Account provider. You can find out details of additional Deposit Account charges by contacting your Financial Adviser.

We currently do not impose a transaction charge in respect of Deposit Accounts. However, this is a charge we reserve the right to impose each time you ask us to invest in or withdraw money from a Deposit Account, if it becomes necessary for us to recover the costs we reasonably incur, as a result of carrying out your instructions, or for any other reasonable grounds mentioned in provision 7.17 (v) (How we set out charges). This charge would be set in line with the factors explained in provision 7.17. If we do introduce such a charge we will give you 30 days prior notice.

#### **7.13. Mutual Funds initial charge**

External Investment Managers of Mutual Funds sometimes levy a one-off initial charge when investing in a Mutual Fund for the first time. This charge will be taken from the amount you ask us to Link to the Policies therefore reducing the number of Units we can buy. Further information can be found in each Mutual Fund's Investment Documentation which is available from your Financial Adviser.

#### **7.14. Additional Discretionary Investment Manager charges**

A Discretionary Investment Manager may apply dealing and custodial charges and other charges. These are charges to be paid in respect of dealing in funds or for the cost of custodianship or the safekeeping and administration of the Linked Assets held within the discretionary portfolio, in which case we will pass on to the Linked Assets any such charge levied by the Discretionary Investment Manager. You can find out details of Discretionary Investment Manager charges by contacting your Financial Adviser.

We currently do not impose a transaction charge in respect of your discretionary portfolio. However, this is a charge we reserve the right to impose each time you ask us to carry out a transaction Linked to your discretionary portfolio, if it becomes necessary for us to recover the costs we reasonably incur, as a result of carrying out your instructions, or for any other reasonable grounds mentioned in provision 7.17 (v) (How we set our charges). This charge would be set in line with the factors explained in provision 7.17. If we do introduce such a charge we will give you 30-days prior notice.

#### **7.15. Additional expenses**

External Investment Managers of certain Insured Funds and Mutual Funds, may deduct charges to reflect additional expenses from the value of the assets in their Insured Funds and Mutual Funds when they calculate the price of their Insured Funds and Mutual Funds (to cover costs incurred by these Funds such as regulatory expenses).

The deduction of charges in respect of these additional expenses is in addition to the fund management charge and any Mutual Fund initial charge that applies. Additional expenses include (but are not limited to):

- (i) auditors' costs;
- (ii) custodians' costs;
- (iii) any depository's or trustee's fees; and
- (iv) regulatory expenses.

## 7.16. Dilution levy

This is a charge which an External Investment Manager of a Mutual Fund sometimes imposes when we buy or sell Units in their Mutual Fund to protect the value of the Units held by other investors in their Mutual Funds. More information on any dilution levy can be found in the 'What are the charges' section of the Charges and Discounts Guide (IB92) and in each Mutual Fund's Investment Documentation which is available from your Financial Adviser.

## 7.17. How we set our charges

- (i) Our charges under the Bond are intended to cover our overall costs in providing the Bond and to provide reasonable margins for profit. These costs include:
  - (a) expenses incurred at the start of the Policies in the Bond;
  - (b) expenses incurred during the term of the Policies in the Bond;
  - (c) expenses incurred when the Policies in the Bond end; and
  - (d) expenses incurred by us making the Linked Assets available to you.
- (ii) Our charges are expressed as a proportion of the assets Linked to Funds, a proportion of Payments and also an amount of Linked Assets held as money in either the IB Bank Account or Deposit Accounts
- (iii) At least once a year, we'll review our assumptions and our overall costs in providing the Bond and our costs in providing the particular options and services under the Bond. These costs are unknown when the Policies in the Bond start and we need to make assumptions about future costs when setting our charges.
- (iv) As a result of our review of our assumptions and our overall costs, we may adjust the balance in the level of and mix of charges (and discounts) for our existing policyholders. We will only make these adjustments if we have reasonable grounds to do so and the resulting balance is a reasonable balance of charges for our policyholders. Any increases in our charges will not increase our profit margins above reasonable levels.
- (v) For the purposes of this provision 7, 'reasonable' or 'reasonable grounds' for changes to charges include (but is not limited to):
  - (a) adjusting the charging structure for existing and new policyholders in the event that we wish to maintain fairness and consistency or if a new cost needs to be allocated fairly;
  - (b) making reasonable adjustments to set an appropriate level of charges for Bond Owners who are using different options and services;
  - (c) reflecting increases in our costs of providing the Bond including increased costs due to changes outwith our control (for example changes in law and/or regulations, including tax rules);
  - (d) reflecting increases in the fund management charge levied by an External Investment Manager;
  - (e) reflecting increases in our costs (including salary costs) in providing particular options and services (including providing the range of Funds) available under the Bond;
  - (f) reflecting reasonable changes in the assumptions that we make about the future costs in providing the Bond; and
  - (g) reflecting reasonable changes in the assumptions that we make about the future costs in providing particular options or services available under the Bond.
- (vi) Should we make an adjustment to our charges as mentioned in provision 7.17 we'll give you 30 days notice before the adjustments become effective. Please note that we may not be able to give you 30 days notice in all situations (see for example provision 6.6), in which case we will give you as much notice as is reasonably practicable.

## 8. Paying additional single Payments

8.1. We may allow you to pay additional single Payments or Recurrent Single Payments to the Policies in your Bond as long as:

- at least one Policy in your Bond is in force;
- you meet any maximum age limit;
- you meet any minimum investment limit and/or maximum investment limit; and
- in the case of Recurrent Single Payments, you meet any minimum investment limits as specified in provision 8.6.

Recurrent Single Payments are not currently available if your Bond is invested in the Elevate GIA. Please contact your Financial Adviser when you wish to make an additional single Payment or a Recurrent Single Payment for information about the applicable criteria as they might no longer be those indicated in this provision 8. Please note we reserve the right to refuse any additional single Payment or Recurrent Single Payments to the Policies in your Bond. Please also refer to provision 1.15 for details of our processes where you no longer have a Financial Adviser, or where you wish to instruct us to do transactions without reference to your Financial Adviser.

8.2. Recurrent Single Payments are due as detailed in your Policy Schedule.

8.3. Recurrent Single Payments must be made by variable direct debit or standing order. You may choose to make Recurrent Single Payments, for example, every month, every 3 months, every 6 months or every year. You can, at any time, increase, reduce or stop making Recurrent Single Payments. You can also, at any time, request to change the amount, frequency or collection date of the Recurrent Single Payment, subject to the limits noted in this provision 8. Although you can make Recurrent Single Payments these payments do not make your Bond one which could be described as paying "regular" Payments because you can start and stop the Payments at any time and your Bond will not terminate should you do so. We require at least 15 Business Days notice of any such change. If you do not give us at least 15 Business Days notice, the change will take effect on the next collection date after the notice period has passed.

8.4. If you choose to make an additional single Payment or a Recurrent Single Payment, please note that you will be adding to your existing Bond and not opening a new Bond with us. This means that there will not be a 30 day cancellation period in respect of the additional single Payment or Recurrent Single Payment and the Policy Provisions will apply in the same way to any additional single Payments or Recurrent Single Payments.

8.5. If a direct debit or standing order for a Recurrent Single Payment is rejected, we will contact your Financial Adviser to confirm whether you wish to make the Recurrent Single Payment. Should a Recurrent Single Payment arranged to be made by direct debit or standing order fail to be made, your Bond will continue and will not terminate.

8.6. If you wish to make Recurrent Single Payments and have invested a minimum of £20,000 in the Policies in your Bond at the Start Date or if you may make Recurrent Single Payments and have not invested £20,000 or over, different minimum investment conditions will apply as follows:

Minimum investment if you have a direct debit or standing order arrangement to pay Recurrent Single Payments and <i>have</i> invested a minimum of £20,000 in the Policies in your Bond at the Start Date		Minimum investment if you have a direct debit or standing order arrangement to pay Recurrent Single Payments and <i>have not</i> invested £20,000 in the Policies in your Bond at the Start Date
Every month	£500	£1000
Every 3 months	£1500	£3000
Every 6 months	£3000	£6000
Every year	£5000	£10,000

8.7. If you cancel the direct debit or standing order arrangement and the Remaining Value is less than £10,000, we reserve the right to cancel your Bond.

8.8. If you have requested us to facilitate the payment of Adviser Charges to your Financial Adviser and you stop the Recurrent Single Payments before the end of the Regular Initial Adviser Charging Period, we will stop taking the Regular Initial Adviser Charge from the date we receive your request.

8.9. The applicable criteria for additional single Payments and Recurrent Single Payments is regularly reviewed and we reserve the right to make reasonable and appropriate changes to it in order to, for example, reflect any changes to the administration, specification and costs of providing your Bond. We will notify you 30 days in advance of

implementing any such changes, unless it is outside our control (e.g. a change in legislation), in which case the change may take effect immediately.

- 8.10. If we find you have not paid an additional single Payment or Recurrent Single Payment that was due, we will contact your Financial Adviser in the first instance. If we are advised that you do not wish to make the Payment, we shall sell any assets Linked to the Policies in your Bond which we may have bought with that Payment before we take any other action. You will bear any expenses, costs or charges we may incur in selling such Linked Assets.
- 8.11. Where appropriate we reserve the right not to allow additional single Payments or Recurrent Single Payments to be invested into specific investments (e.g. small payments spread over several Whole of Market Funds). Where this is the case, we will tell you and give reasons for our decision.
- 8.12. If we accept an additional single Payment or a Recurrent Single Payment, subject to any restrictions relating to a particular investment option, we will use the Investment Content to allocate Units in the Insured Funds and/or other Linked Assets (including passing Payments/Recurrent Single Payments to a Discretionary Investment Manager to invest), and following the process described in these Policy Provisions. The additional single Payments/Recurrent Single Payments will be applied pro rata to each of the Policies in your Bond.
- 8.13. Should you become resident in the Republic of Ireland we will not accept either additional single Payments or Recurrent Single Payments and we may terminate your Bond as described in provision 1.12, 1.18 and 14.
- 8.14. If you change your country of residence, we may restrict your ability to make any changes to any Recurrent Single Payments you set up prior to moving to your new country of residence. Please note that you should take your own legal and tax advice about the implications of continuing to hold the Bond in another jurisdiction.

## 9. Switching Funds

- 9.1 One of the reasons that we maintain a range of Funds is so that you can change the mix between Funds from time to time as, for example, your circumstances change. You can therefore ask us to sell Linked Assets and purchase other Linked Assets of the same value (we may refer to this as a "switch" or "switch instruction"). If, in our reasonable opinion, you are asking us to buy and sell Linked Assets in relation to Funds to attempt to make short-term gains on your investments, we reserve the right to:

- (a) refuse to accept your switch instruction; or
- (b) make a charge as set out in provision 7.5 (Switch charge).

Please also refer to provision 1.15 for details of our processes where you no longer have a Financial Adviser, or where you wish to instruct us to do transactions without reference to your Financial Adviser.

Where Linked Assets are managed by a Discretionary Investment Manager (the exception being where the Discretionary Investment Manager is acting in an advisory capacity, for example) you are not able to ask us or the Discretionary Investment Manager to switch into or out of particular investments. This does not remove your right to request us to change a Discretionary Investment Manager, or to withdraw money from your Bond.

### 9.2 Insured Funds and Mutual Funds

For the purposes of this provision 9.2 references to Mutual Funds will include Whole of Market Funds.

- (i) The process we follow when you provide us with a switch instruction is described in detail in provision 4 (Pricing Funds.)
- (ii) You may choose to switch the Funds to which the Policies in your Bond are Linked to any Insured Fund or Mutual Fund that has not been withdrawn or closed or made subject to an investment restriction so long as it is an asset which is acceptable to us.
- (iii) Please refer to provision 5 (How we allocate and cancel Units) for a detailed description of the process we use to allocate or cancel Units in the Insured Funds and Mutual Funds you selected as Linked Assets.
- (iv) We send you a confirmation each time a Fund is switched.
- (v) As explained in provision 1.20 (An overview of how the Bond assets work), we may delay a switch involving Units in the Insured Funds you selected so we cannot guarantee switches will be completed within the timescales set out in provision 4.2(ii).
- (vi) As explained in provision 1.20 (An overview of how the Bond assets work) the External Investment Manager of a Mutual Fund can delay or suspend a sale or purchase of Units if the Mutual Funds they manage invest in property or in other investments that can take time to buy or sell. We cannot therefore guarantee switches will be completed within the timescales set out in provisions 4.4(iii), (iv) and (v).
- (vii) Due to the potential delay in executing all or part of your switch instruction, the implementation of a switch instruction may result in investment monies not being invested for a temporary period of time, in which case

the money will be held in the IB Bank Account pending reinvestment. If you do not have an IB Bank Account because all the Linked Assets are held in Insured Funds the Linked Assets will remain invested in the Insured Fund until the delay is resolved and the switch instruction can be exercised.

- (viii) Some investment managers may apply exit charges when you ask us to switch out of their funds. Your Financial Adviser can confirm whether an individual investment is subject to an exit charge.
- (ix) If the IB Bank Account has a negative balance, the negative balance must be cleared prior to us proceeding with any switch instruction. Please speak to your Financial Adviser for guidance as to how to do this.

### **9.3 Money in Deposit Accounts**

As explained in provision 2.5, where your Policies are Linked to money in Deposit Accounts, some or all of the money invested may be withdrawn and invested in a Deposit Account provided by another provider or into other Linked Assets. This is subject to any restrictions imposed by the respective Deposit Account providers, including any applicable exit charges and any fixed investment periods which may limit the ability to move Linked Assets out of the relevant Deposit Account. It may take up to 5 Business days to Link the Policies in your Bond to a Deposit Account because it can take up to 5 Business days to transfer money from the IB Bank Account to the relevant Deposit Account.

## **10. Taking Regular Withdrawals**

- 10.1. Taking Regular Withdrawals may have some tax consequences for you so you should obtain tax advice before making a decision to take Regular Withdrawals. The tax treatment of Regular Withdrawals will depend on your personal circumstances and may change. Please note that any Adviser Charge paid from within your Bond will count as a withdrawal and will count as part of the 5% tax deferred withdrawal allowance permitted by His Majesty's Revenue and Customs. We recommend that you speak to your Financial Adviser who can provide you with details of the terms and conditions of the Adviser Charges between you and them.
- 10.2. From one month after the Start Date, you can ask us to pay Regular Withdrawals to you or any other person you nominate in the UK or where you so direct (subject to the satisfaction of anti-money laundering checks). Regular Withdrawals reduce the amount of capital invested in the Linked Assets. If you have taken out a Flexible Reversionary Plan, you cannot take Regular Withdrawals. Please refer to Schedule A for more information.
- 10.3. Selling certain Funds or withdrawing money from certain Deposit Accounts or Elevate GIA in order to cover Regular Withdrawals may face dealing restrictions and incur early exit charges. If you take Regular Withdrawals, we will deduct any such early exit charges from the realisable value of the Units in the Funds Linked to the Policies in your Bond. Your Financial Adviser can confirm whether an individual investment is subject to any early exit charge.
- 10.4. In order to take Regular Withdrawals you will need to make a Partial Cash-in (in accordance with provision 11 (Cashing-in all or some of the Policies in the Bond). You will need to give us notice of your intention to make a Regular Withdrawal. You may do this at any time after the 30 day cancellation period referred to in provision 1.11.
- 10.5. If you request a Regular Withdrawal and the value of the Linked Assets is insufficient to cover the Regular Withdrawal, we will not process it and will contact your Financial Adviser to advise them that we have not processed a request from you. If you decide to take Regular Withdrawals, money will be taken from the IB Bank Account and will only be paid to you if there is sufficient money in that account. If you wish to cash-in Insured Funds to make Regular Withdrawals the money from the Insured Funds will not be paid to the IB Bank Account but will be paid directly to you and will be taken proportionately from each of the Policies in your Bond. Please see provision 6.10 (IB Bank Account), for our procedure if not enough money is held in the IB Bank Account, or if the IB Bank Account is not active. We will only follow this procedure after we have informed you or your Financial Adviser of the shortfall in your Linked Assets and that they cannot honour the Regular Withdrawal instructions given by you.
- 10.6. We can pay a Regular Withdrawal on any day of the month, except 29th, 30th or 31st. If on a particular payment date, the day you selected is not a Business Day, for instance because you have selected the 25th and the payment is due in December, we will make the payment on the next Business Day. You can choose to receive your Regular Withdrawal every:
  - (i) month;
  - (ii) three months;
  - (iii) four months;
  - (iv) six months; or
  - (v) year
- 10.7. You can choose to stop and re-start your Regular Withdrawals but please be aware that it can take up to 15 Business Days for us to either stop or re-start your Regular Withdrawals. Please speak to your Financial Adviser for

more details on how you can stop and re-start your Regular Withdrawals. The minimum amount for each Regular Withdrawal is £200.

- 10.8. Regular Withdrawals can be expressed as a fixed amount or as a percentage of the original Payment. The maximum limit for all the Regular Withdrawals which you can take during a year is 10% of the total Payments. The maximum limit is based on the total Payments made. You can withdraw more than 10% of the Linked Assets but you cannot do this by way of Regular Withdrawal and therefore you would need to instruct us to make a Partial Cash-in. Should you have arranged to make Recurrent Single Payments you cannot make any Regular Withdrawals until you stop the direct debit or standing order arrangement for the Recurrent Single Payments. Should you cancel the automatic direct debit or standing order arrangement you will be able to take Regular Withdrawals after the date of the last Recurrent Single Payment. Nothing in this provision 10 affects your ability to take one-off withdrawals (i.e. a Partial Cash-in) at any time.
- 10.9. We will pay your Regular Withdrawals into your nominated account from the IB Bank Account, unless you are solely invested in Insured Funds, in which case we will pay your Regular Withdrawals from the Insured Funds.
- 10.10. Please note that if the sale of some Units Linked to the Policies in your Bond is delayed we will pay you a reduced amount in respect of the particular Regular Withdrawal in respect of which the sale was instructed. We will pay you the sum raised by the outstanding sale of the Units as soon as the delayed sale is completed.
- 10.11. If you transfer your rights under all of the Policies in your Bond, by way of assignment or assignation, we will stop paying the Regular Withdrawals that have previously been set up under the Policies in your Bond unless we are advised otherwise by the Assignee(s). If you transfer some of your rights under some of the Policies in your Bond, by way of assignment or assignation, we will reduce your Regular Withdrawals set up under the Bond proportionately in line with the Remaining Value of the Linked Assets unless you advise us otherwise. We will not pay Regular Withdrawals to the Assignee(s) unless the Assignee(s) advise us otherwise.
- 10.12. If you are a joint Bond Owner and you transfer your rights under all of the Policies in your Bond to the other joint Bond Owner, by way of assignment or assignation, the Regular Withdrawals set up under the Policies in the Bond will continue at the same level but paid in full to the Assignee unless the Assignee advises us otherwise.
- 10.13. Should you become resident in the Republic of Ireland we may refuse to allow you to make Regular Withdrawals and we may terminate your Bond as described in provision 1.12, 1.18 and 14.
- 10.14. If you become resident in Spain (or indeed in any other country) you can surrender your rights to take Regular Withdrawals. You must notify us at our Head Office if you exercise this right.

## **11. Cashing-in all or some of the Policies in the Bond**

- 11.1. If you decide you want to withdraw money from your Bond you can “cash-in” all or some of the Policies in your Bond. You can do this by Partial Cash-in or Full Cash-in.
- 11.2. If you wish to make a Full or Partial Cash-in, you must contact us at our Head Office. You may do this at any time after the 30 day cancellation period referred to in provision 1.11 (An overview of how the Bond assets work). If you wish to take Regular Withdrawals you will be making a sequence of Partial Cash-ins.
- 11.3. You can cash-in your entire Bond (a Full Cash-in) or make a Partial Cash-in. A Partial Cash-in may involve either (a) cashing-in one or more of the Policies in your Bond, (b) cashing-in a proportion of each of the Policies in your Bond, or (c) a combination of (a) and (b). Before you can receive the benefits of a cash-in from Insured Funds where the Linked Assets are only Insured Funds, the amount you can cash-in will be taken proportionally across all Funds irrespective of which cash-in option you select from this provision 11.3. Before you can receive the benefits of a cash-in from other Linked Assets there must be sufficient money in the IB Bank Account.
- 11.4. Should you wish to make a Partial Cash-in where you wish to cash-in part of each Policy in your Bond, in the case of an Insured Fund, you must cancel the same amount of assets Linked to each Policy so that the new investment mix for each of the remaining Policies is the same
- 11.5. For a Partial Cash-in which is not a Regular Withdrawal the total Cash-in Value must be at least £500. We may need to change the minimum values from time to time to reflect any increase in our administrative or operational costs.
- 11.6. The value you will receive from us will be the Cash-in Value of the Policies in your Bond and this will be paid into the IB Bank Account. If the Linked Assets are only invested in Insured Funds, the Cash-in Value will not be paid into the IB Bank Account and will be paid directly to you. For more information on the cashing-in options that are available to you, please contact our Head Office.
- 11.7. Selling certain funds (including in the Elevate GIA) or withdrawing money from certain Deposit Accounts in order to cover Full Cash-ins and Partial Cash-ins may incur early withdrawal or exit charges which are more fully

described in provision 7 (Charges and discounts). If you have arranged to pay an Establishment Charge there may be exit charges on Full or Partial Cash-in, see Schedule B for more detail. Your Financial Adviser can confirm whether an individual investment is subject to any early withdrawal charge or exit charge.

- 11.8. The Cash-in Value will not be paid until all the Linked Assets you have told us you wish to cash-in have been realised. The total Cash-in Value of Policies that you are cashing-in will be paid to you or any other person you nominate in the UK or where you so direct subject to satisfactory completion of any necessary anti-money laundering verifications.
- 11.9. As explained in provision 1.20 (An overview of how the Bond assets work) we may need to delay the cashing-in of the Policies in your Bond. We cannot be held responsible for any loss you may suffer as a consequence of the delay in exercising the sale instruction.
- 11.10. As explained in provision 1.20 (An overview of how the Bond assets work), a custodian, the External Investment Manager of a Mutual Fund or a Whole of Market Fund can delay a sale or purchase (or suspend all sales and purchases) of Units particularly if the Mutual Funds or Whole of Market Funds they manage invest in property or in other investments that can take time to buy or sell.
- 11.11. If, after you have made a Partial Cash-In or a Full Cash-In, we receive any money by way of income, interest or otherwise from a custodian, a Discretionary Investment Manager or an External Investment Manager for an Insured Fund, Mutual Fund or a Whole of Market Fund which you have cashed-in, the money will not be added to your IB Bank Account or included in the Cash In-Value you receive, it will be retained by us.
- 11.12. The tax treatment of the Cash-in Value of the Policies in your Bond will depend on your personal circumstances and may change. If we are not advised otherwise we will process any Partial Cash-in on the assumption that it will incur the minimum tax gain. Unless the Policies in your Bond are invested in an Flexible Reversionary Plan, in which case Partial Cash-ins to pay Settlor Reversions will be processed by cashing-in one or more of the Policies in your Bond. You should seek tax advice to understand the tax treatment of the Cash-in Value of the Policies in your Bond.
- 11.13. If you have requested us to facilitate the payment of Adviser Charges to your Financial Adviser (please see provision 7 (Charges and discounts)) and you make a Full Cash-in, we will automatically stop facilitating the Adviser Charges as of the date of notification. We will not deduct any outstanding Adviser Charges before paying you the Cash-in Value. If you make a Partial Cash-in, the facilitation of the Adviser Charges will continue so long as there are sufficient funds in the IB Bank Account and/or Units in Insured Funds to cover the Adviser Charges.
- 11.14. If you become resident in Spain you can surrender your right to cash-in all or some of your Policies within the Bond. You must notify us at our Head Office if you exercise this right.

## **12. Notice of assignment/assignation**

- 12.1. If you transfer your legal rights under some or all of the Policies in your Bond to someone else (for example, by assignment (in England, Wales and Northern Ireland) or by assignation (in Scotland)), we must receive formal written notice that the Policies in your Bond have been assigned. This notice must be sent to our Head Office. If you are non-UK resident and you have notified us that you have assigned your legal rights under some or all of the Policies in your Bond we will note this on our system but please be aware that we cannot confirm the effectiveness of any rights which are assigned. You should take your own independent legal and tax advice about the implications of assigning your Bond, whether in the UK or in another jurisdiction.
- 12.2. If you transfer only some of the Policies in your Bond by assignment/assignation we may not be able to administer the assets according to your assignation because the relevant Linked Asset(s) may not be capable of being split. Should you be uncertain whether the Linked Assets will facilitate your desired assignment/assignation please contact us.
- 12.3. The assignment/assignation will usually be effective within 7 Business Days of the date that we receive notice of the completed deed and any required information (such as country of tax residence and citizenship of the assignee) is received, so we recommend you notify us as soon as possible after you have assigned your rights to Policies within your Bond. We reserve the right to refuse to acknowledge the assignation/assignment and continue to treat you as the Bond Owner because, for example, the assignee may reside in a country in which we are not authorised to conduct business in. If the Policies in your Bond are invested in the Elevate GIA, the assignee must have a Financial Adviser who they have appointed and authorised to place Orders and instructions on the Elevate Platform. If they do not have such a Financial Adviser, we reserve the right to refuse to acknowledge the assignment and require you to sell the investments in the Elevate GIA before we can acknowledge the assignment. Should we refuse to acknowledge the assignation/assignment you should speak to your Financial Adviser and take independent legal advice. If you would like to discuss assigning the Policies in your Bond with us before you do so please contact us at our Head Office, but please note we cannot approve or recommend whether you assign Policies in your Bond.

12.4. Please note that an assignment/assignation does not create a new bond or contract of insurance and, therefore, the Policy Provisions will continue to apply in the same way to both the Policies in the Bond which you have not assigned and to the Policies in the Bond which you have assigned. You should ensure that the person to whom you assign Policies in your Bond is aware of the Policy Provisions which will apply to them.

12.5. If you wish to assign your legal rights under some or all of the Policies you can contact us at our Head Office to obtain appropriate documentation to complete to assign some or all of the Policies. You should take independent legal and taxation advice in relation to this document as well as speaking to your Financial Adviser.

12.6. Any transactions in respect of your Bond (e.g. automatic withdrawals) that take place between the date of the deed of assignment/assignation and the date we receive notice of the assignment/assignation may still be processed in our sole discretion. If you (or the person you have assigned your rights to) wish to receive information about transactions that took place between these dates, you can contact us at our Head Office.

12.7. If you have asked us to facilitate the payment of Adviser Charges to your Financial Adviser (please see provision 7 (Charges and discounts)) and you assign the Policies in your Bond, the Ongoing Adviser Charges and Regular Initial Adviser Charges will only continue on the Policies you have not assigned.

12.8. If you choose to assign your Bond or some of the Policies in your Bond, please note that we will stop collecting Recurrent Single Payments from you. Any Regular Withdrawals you are receiving will be affected from the date we receive notice of the assignment or assignation at our Head Office. We will not pay the next Regular Withdrawal after the effective date of the assignment/assignation to the Assignee unless the Assignee advises us otherwise.

### 13. What we pay on death

13.1. If there is more than one Life Assured the Policies in your Bond will continue until the death of the last surviving Life Assured and the payment of the Death Benefit unless the Policies have already terminated as described in provision 1.18 or have been fully cashed-in according to the process described in provision 11 (Cashing-in all or some of the Policies in the Bond).

13.2. When the last surviving Life Assured dies, and we receive satisfactory proof of the death, such as a death certificate, we will sell the investments Linked to the Policies in your Bond as follows:

- (i) Units in Insured Funds will be sold as explained in provisions 4.1, 4.2 (Pricing Funds) and 5.1 (How we allocate and cancel Units) and the proceeds will be transferred into the IB Bank Account until the Death Benefits are paid out unless all the Policies in your Bond are invested in Insured Funds in which case the Death Benefit will be paid directly.
- (ii) Units in Mutual Funds or Whole of Market Funds Linked to your Policies, including Units in Funds managed by your Discretionary Investment Manager or in the Elevate GIA, will be sold as explained in provision 4.3, 4.4 (Pricing Funds) and 5.2 (How we allocate and cancel Units) and the proceeds will be transferred into the IB Bank Account until the Death Benefits are paid out.
- (iii) The value of money in the Deposit Accounts Linked to the Policies will be as at the first available withdrawal date as specified by the relevant Deposit Account provider following the Business Day on which we receive satisfactory proof of death or the following Business Day if we receive the satisfactory proof after business hours. The proceeds will be transferred into the IB Bank Account until the Death Benefits are paid out.
- (iv) We will instruct any Discretionary Investment Manager or your Financial Adviser managing the Linked Assets to sell and transfer all Linked Assets to the IB Bank Account.

13.3. Some underlying investments held within Whole of Market Funds, Mutual Funds (including investments in the Elevate GIA) and Insured Funds, such as property, can be difficult to sell and could in exceptional circumstances take years to convert into money in order for the Death Benefits to be paid.

13.4. Some External Investment Managers and/or custodians may apply exit charges to their Funds. Some Deposit Account providers may also apply early withdrawal charges if money is withdrawn early or without providing sufficient notice. We will deduct any charges applied by investment managers or Deposit Account providers from the realisable value of the Units in the Funds Linked to the Policies in your Bond before we calculate the Death Benefit (see provision 13.5). Your Financial Adviser can confirm whether an individual investment is subject to an exit charge or an early withdrawal charge.

13.5. Once all of the Linked Assets have been sold, the Death Benefits will be 100.1% of the total value of:

- (i) the realised value of Linked Assets listed in 13.2(i), (ii), (iii) and (iv) above which will be transferred into the IB Bank Account; plus
- (ii) the value of any money in the IB Bank Account on the Business Day on which we receive the notification of death or the following Business Day if we receive the notification after business hours; plus

- (iii) any interest earned and received on the realised value of Linked Assets listed in 13.2 (i), (ii), (iii) and (iv) above earned between the time these sums are transferred into the IB Bank Account and the date the Death Benefit is paid out. As explained in provision 6.6 (IB Bank Account) the money in the IB Bank Account may earn interest but it may not; plus
- (iv) any Adviser Charges we have reclaimed which may have been paid to your Financial Adviser after the date of death of the last surviving Life Assured;
- (v) Minus any charges including Outstanding Establishment Charge on date of death. Please note that any Ongoing Adviser Charges and Regular Initial Adviser Charges will automatically stop with effect from the date we are notified of the death of the last Life Assured.

### 13.6.

#### Accidental Death Benefit

- (i) If the last Life Assured dies within 90 days of an Accident as a direct result of the Accident, and the death meets the conditions set out in this provision 13.6, your Bond will be eligible for an Accidental Death Benefit. The Accidental Death Benefit will be calculated as set out in this provision 13.6 and will be paid instead of (rather than in addition to) the Death Benefit.
- (ii) In order to claim the Accidental Death Benefit, we must be informed in writing within 6 months of the death, or such other period that is reasonable for the circumstances giving rise to the claim, that the last surviving Life Assured died as a direct result of an Accident.
- (iii) The amount of Accidental Death Benefit payable depends on the Bond Value. If the Bond Value is equal to or less than £10,000,000, and the death meets the conditions of this provision 13.6, we will pay a total Accidental Death Benefit of 110% of the Bond Value (less any outstanding charges). If the Bond Value is more than £10,000,000, and the death meets the conditions of this provision 13.6, we will pay an Accidental Death Benefit of 110% of the first £10,000,000 and 100.1% of the remainder (less any outstanding charges).
- (iv) Please note that we may need to investigate whether the Accidental Death Benefit is payable on your Bond. This could take up to or, in some circumstances, over a year from the date we receive written notification of the death. This is because in order for us to consider payment of the Accidental Death Benefit, evidence of the cause of death (such as a death certificate) will be required. Where an unnatural death has occurred, an inquest will usually be held to determine the cause of death, and only after this has taken place will a death certificate be available. Any Death Benefits due under your Bond will be paid out as follows:
  - (a) We will first calculate the total Accidental Death Benefit payable from your Bond. E.g. if the Bond Value is £100,000 (assuming no outstanding charges), the Accidental Death Benefit payable would be £110,000;
  - (b) We will then pay out 100.1% of the Bond Value. Using the above example, you would receive £100,100 from the date we receive the required documentation (as set out in provision 13.7);
  - (c) Once we have completed our investigation and confirmed that the death has resulted as a direct result of an Accident, and the Accidental Death Benefit is applicable, we will then pay the outstanding amount due. Using the above example, you would receive a final payment of £9,900. No further interest will be paid.

Please note that, in the case of Accidental Death Benefits only, interest is only payable between the date we receive all relevant documentation to process the Accidental Death Benefit claim and the date we pay 100.1% of the Bond Value.

- (v) The Accidental Death Benefit is not payable where the death is caused directly or indirectly by the following:
  - self-inflicted injury, including suicide or attempted suicide
  - taking part or attempting to take part in a dangerous sport or pastime
  - taking part or attempting to take part in any aerial flight other than as a fare-paying passenger on a licensed airline
  - committing, attempting or provoking an assault or criminal offence
  - war (whether declared or not), riot or civil commotion
  - service in the armed forces of any country
  - taking alcohol, drugs or solvents (unless they are prescribed by a registered doctor)
  - failing to follow or to take medical advice
  - dangerous occupation
  - engaging in criminal acts

- (vi) If you have any questions, please speak to your Financial Adviser or contact us at our Head Office.

13.7. We will not pay any Death Benefits until we have received at our Head Office:

- (i) birth certificates or other satisfactory proof of the age of the Lives Assured;
- (ii) in the case of death of a Life Assured, a death certificate or other satisfactory proof of death together with a declaration of residency from you and the recipient of the Death Benefits;
- (iii) satisfactory proof of who is entitled to the Death Benefits (for example, grant of probate, confirmation (which may take some time to process) or trust documents) and who is entitled to collect and distribute them. We may need to request Irish probate;
- (iv) other documents or information that may be relevant to the material facts of the Life/Lives Assured or the recipient of the Death Benefits or about you which we required to be provided, including to assess whether Accidental Death Benefit should be paid; and
- (v) except where all the Linked Assets are Insured Funds, we will not pay any Death Benefits until all Linked Assets have been transferred and paid into the IB Bank Account. For more information on all these requirements, please speak to your Financial Adviser.

13.8. We may also require other documents or information that may be material in relation to the Life/Lives Assured and that you were required to provide to us before you took out the Policies in your Bond.

13.9. We shall not be liable for any penalties or interest charges which may be incurred due to the late filing of tax returns by us where we have requested but not received the information required to complete the return.

13.10. The tax treatment of the Death Benefits can depend on your personal circumstances, or those of the Life / Lives Assured or the recipient of the Death Benefits. We may incur taxes, levies, duties, imports, charges and withholdings on the Death Benefits, depending on the country in which you, the last Life Assured to die and / or the recipient of the Death Benefits is resident. If we do, these costs will be charged to your Bond and would result in the value of the Death Benefits being lowered. You should seek tax advice to understand the tax treatment of the Death Benefits, which may change.

13.11. The Death Benefit or Accidental Death Benefit under your Bond shall be paid directly to the person who, according to our records, is entitled to the Death Benefit in the UK, or where so directed, subject to satisfactory completion of any necessary anti-money laundering verifications. Once we have made such payment, our legal obligations under the Bond will be discharged in full. Our noting of the recipient of the Death Benefits on our records does not constitute our confirmation of its validity/effectiveness and we are under no obligation to take any further steps to verify the validity of the recipient's entitlement to the Death Benefits, but retain discretion to do so as circumstances require.

## 14. Changed circumstances

- 14.1. If you change your residential address you must notify us. If you receive information from us by electronic means you must ensure we always have an up to date email address for you.
- 14.2. As explained in provision 1.12 and 1.18 if you become resident in the Republic of Ireland at any time while the Policies in your Bond are in force, you must let us know immediately as there will be certain tax consequences and we may terminate your Bond. We recommend that you discuss the tax consequences with a tax adviser prior to becoming resident in Ireland.
- 14.3. If you become resident outside the UK, Isle of Man and the Channel Islands, we will keep your Bond in force unless we are or become aware that there are taxation, regulatory or administrative reasons for us to terminate the Bond. We may also need to limit your payment of additional Payments or Recurrent Single Payments or the frequency of which you take Regular Withdrawals. Please note that you should take your own legal and tax advice about the implications of continuing to hold the Bond in another jurisdiction.
- 14.4. You must let us know as soon as possible if you become a tax payer in the United States of America or you stop being resident for tax purposes in the UK or Jersey, Guernsey or Isle of Man at any time while the Policies in your Bond are in force.
- 14.5. Should we terminate the Policies in your Bond due to the taxation, regulatory or administrative provisions of your new country of residence, we will follow the cash-in procedures set out in provision 11 (Cashing-in all or some of the Policies in the Bond) and we will notify you of such termination and cash-in of all of the Policies in your Bond.

## 15. Changing or replacing these Policy Provisions

- 15.1. We can make reasonable and proportionate changes to these Policy Provisions (or issue a replacement set of Policy Provisions) at any time while the Policies in your Bond are in force in the following circumstances but we will give you as much notice as possible:
  - (i) if the legal or regulatory requirements applying to your Bond, or to us change (including a change as a consequence of a judgement of a court, regulator or ombudsman) or if it becomes impossible or impractical, in our reasonable opinion, to carry out any of the provisions contained in these Policy Provisions as a result of changes in the law or regulation or other circumstances beyond our control such as a superior event as described in provision 16 (Superior Event);
  - (ii) if decisions of the Financial Services and Pensions Ombudsman of the Republic of Ireland need to be reflected in these Policy Provisions;
  - (iii) where new industry guidance and codes of practice (which exist to maintain standards of consumer protection) need to be reflected in these Policy Provisions;
  - (iv) the tax rules or practice of any jurisdiction applicable to life insurance policies or to us change or are due to change in a manner which has or would affect us or the Policies in your Bond in any way;
  - (v) we have to pay or apply a government levy;
  - (vi) the Bank of England base rate changes, or there are changes in other specified market rates or indices or tax rates for which we may wish to make proportionate changes;
  - (vii) to proportionately reflect other legitimate reductions or increased costs which are reasonably incurred costs associated with providing and administering your Bond, for example where we have to pay extra charges to administer the policy on death;
  - (viii) to reflect changes to the investments we feel able to accept for the Policies in your Bond;
  - (ix) it becomes necessary for us to reasonably alter the minimum and maximum investment limits in your Bond;
  - (x) to reflect a change in our corporate structure that does not have an unfavourable impact on your Bond but requires us to make alterations to these Policy Provisions;
  - (xi) to reflect changes imposed on us by External Investment Managers, for example they might introduce minimum investment amounts, wind up or reorganise their Funds or make changes to valuation points or to their pricing bases;
  - (xii) where such change is not to your detriment, including to correct any errors or inaccuracies;
  - (xiii) to make these Policy Provisions clearer and more favourable to you.
- 15.2. Subject to provision 15.1 and 15.3, we'll give you 30 days notice (in accordance with provision 17 (Notices)) before

the change becomes effective and provide you with details of the change and/or an amended version of these Policy Provisions, or just the amended/new terms, by post or by e-mail, or by directing you to our website.

- 15.3. Changes to these policy provisions that are due to a reason outside of our control (e.g. a change in legislation) will take effect immediately. Changes which, in our reasonable opinion, are immaterial or not to your detriment will take effect immediately after you have been informed of them or with effect from any later date specified in the notice. All other changes will take effect 30 days from the date of our notification of the change or any later date specified in our notification. We may inform you of such changes by post, e-mail (if applicable), by directing you to our website or through your Financial Adviser. Each notification of change we provide to you will state the reasons for the change and the date the change will become effective.
- 15.4. Please see provision 7 (Charges and discounts) for details of the circumstances where we may amend our charges and the procedures we will follow.
- 15.5. We have the right to terminate your Bond should we discover that any declaration you have provided to us is inaccurate or ceases to be accurate.

## 16. Superior Event

- 16.1. The performance of our obligations under these Policy Provisions may be interrupted and will be excused by the occurrence of a 'superior event' affecting us or any of our key sub-contractors. The consequence of a 'superior event' may be that we can no longer administer the Policies in your Bond for a given period.
- 16.2. A 'superior event' is an event outside our control that couldn't reasonably be foreseen or if foreseen, its consequences are too drastic to plan for in a contract. In these Policy Provisions it means any of the following:
  - (a) act of God, fire, earthquake, storm or flood;
  - (b) explosion, nuclear accident or collision;
  - (c) sabotage, riot, civil disturbance, insurrection, epidemic, national emergency (whether in fact or law) or act of war (whether declared or not) or terrorism;
  - (d) requirement or restriction of or failure by any government, semi-governmental or judicial entity (other than a regulatory change);
  - (e) unavoidable accident;
  - (f) loss of supply of essential services including but not limited to electrical power, telecommunications, air conditioning and essential third party services;
  - (g) any 'denial of service' or other network attack; and/or
  - (h) any other cause beyond our reasonable control.

## 17. Notices

- 17.1. The notices that either we or you are required to serve on the other under these Policy Provisions must be in writing and can be served at the discretion of the party serving the notice, either (i) by pre-paid post to the last notified address of the recipient, or (ii) by e-mail to the last notified e-mail address provided to us.
- 17.2. Should you wish us to provide notices to you by email please advise us in writing. Email is not a secure method of transferring personal information, but if you are happy for us to send notices this way please note there is no guarantee that any email sent will be received or will not have been tampered with or intercepted during transmission. Should there be a failure in the transmission or receipt of any emails sent by us we cannot be held responsible for any loss or delay experienced by you.
- 17.3. If a notice is served by e-mail, it will be deemed delivered on the day it was sent provided no non-delivery message is received by the sender.
- 17.4. If a notice is served by pre-paid post, it will be deemed delivered five Business Days after being posted and in proving such service it shall be sufficient to prove that such envelope was properly addressed, paid for and posted.

## 18. Governing law

- 18.1. These Policy Provisions are governed by the applicable UK law (the law of England and Wales, the law of Scotland or Northern Ireland), or the law of the Isle of Man, which is shown in your Policy Schedule. You will have confirmed this in your application for your Bond.
- 18.2. You and we agree that we will submit to the non-exclusive jurisdiction of the courts of the applicable country, set out in provision 18.1, in relation to any claim or dispute arising under these Policy Provisions.
- 18.3. These Policy Provisions shall only be enforceable by you and us and no other persons.
- 18.4. References to Acts of Parliament in these Policy Provisions, unless otherwise stated, are to Acts of Parliament applying to the UK, Isle of Man or the Republic of Ireland, as applicable.

## 19. Data Protection Notice - Using your personal information

- 19.1. We or another member of the Phoenix Group will collect and use personal information about you, and any other individual named as part of your application for your Policies within the Bond such as your name, date of birth and national insurance number in order to provide the Bond and our services under these Policy Provisions and to manage our relationship with you.
- 19.2. It may be necessary as part of the Bond or our services to collect and use personal information which is defined as 'special category data' by Data Protection Law, e.g. health related. Any such special category data will only be collected and used where it's needed to provide the Bond or services or to comply with our legal and regulatory obligations and where we have obtained your explicit consent to process such information.
- 19.3. To provide the Bond or services and meet our legal and regulatory obligations, we will keep your personal information and copies of records we create (e.g. calls with us). If the application does not proceed or when you close your Policies in the Bond, we are required to keep information for different legal and regulatory reasons. The length of time will vary and we regularly review our retention periods to make sure they comply with the relevant laws and regulations.
- 19.4. The information collected (including details of your Bond) may be shared with your professional advisers, including your Financial Adviser; the Discretionary Investment Manager you instruct us to appoint; other companies in the Phoenix Group, companies in the Standard Life Aberdeen Group, and other companies we work with to support us in the provision of the Bond or services under these Policy Provisions. Where we consider it appropriate and lawful to do so, we may also share your information with other organisations. We may also transfer and disclose your personal information and any other information provided to us by you for the purposes of complying with an instruction from the Central Bank of Ireland or other competent regulatory authority and with laws, regulations and tax or regulatory rules. Whenever we share your personal information, we will do so in line with our obligations to keep your information safe and secure.
- 19.5. The majority of your information is processed in Ireland. However, some of your information may be processed by us or the third parties we work with outside of the European Economic Area (EEA), including countries such as the UK and USA. Where your information is being processed outside of the EEA, including in the UK, we take additional steps to ensure that your information is protected to at least an equivalent level as would be applied by Irish data privacy laws, for example, we will put in place legal agreements with our third party suppliers and do regular checks to ensure they meet these obligations.
- 19.6. For more information on how we process your personal information and what your rights are, please read our Privacy Policy at [www.standardlife.ie/privacy](http://www.standardlife.ie/privacy) or write to the Data Protection Officer, Standard Life International, 90 St Stephen's Green, Dublin 2.

## 20. What to do if you have a complaint

- 20.1. We have an established complaints procedure in relation to the Policies in your Bond in line with our requirements to the Central Bank of Ireland. Our complaints procedure is available by contacting our Customer Services Department at our Head Office.
- 20.2. If you have a concern or a complaint, please contact our Customer Services Department at our Head Office. We will discuss your complaint with you and attempt to resolve it.
- 20.3. If we cannot resolve your complaint in this manner please contact us stating the nature of the complaint. Please quote any relevant dates and correspondence.
- 20.4. We will record details of your complaint centrally and make sure your complaint is thoroughly investigated by someone who has been trained in complaint handling.
- 20.5. If we are unable to resolve your complaint within five Business Days we will issue you with an acknowledgement letter.

- 20.6. We will provide you with the name of one or more individuals appointed by us to be your point of contact in relation to the complaint until the complaint is resolved or cannot be processed any further.
- 20.7. We will provide you with a regular written update on the progress of the investigation of the complaint at intervals of not greater than 20 Business Days.
- 20.8. We will attempt to investigate and resolve a complaint within 40 Business Days of having received the complaint. Where the 40 Business Days have elapsed and the complaint is not resolved, we will inform you of the anticipated timeframe within which we hope to resolve the complaint and of your right to refer the matter to the Financial Services and Pensions Ombudsman of Ireland, and we will provide you with their contact details.
- 20.9. We will inform you in writing, within 5 Business Days of the completion of the investigation of a complaint, of (i) the outcome of the investigation and, (ii) where applicable, explain the terms of any offer or settlement being made. We will also inform you of the right to refer the matter to the Financial Services and Pensions Ombudsman of Ireland will provide you with their contact details.
- 20.10. You can write to the Financial Services and Pensions Ombudsman of Ireland at Financial Services and Pensions Ombudsman Bureau, Lincoln House, Lincoln Place, Dublin 2, Ireland. Tel: +353 1 567 7000, Email: [info@fspo.ie](mailto:info@fspo.ie) Website: [www.fspo.ie](http://www.fspo.ie)

# Schedule A

## Discounted Gift Plan, Loan Plan and Flexible Reversionary Plan

The additional terms in this Schedule A applies where the Policies in the Bond are to be held in trust and the Settlor has selected a Discounted Gift Plan, Flexible Reversionary Plan or Loan Plan.

### Eligibility criteria

The minimum age for the Settlor to set up a Discounted Gift Plan is 51 years at their next birthday. To allow for underwriting to take place, the maximum age for the Settlor to set up a Discounted Gift Plan is 6 months before the Settlor's 90th birthday.

### Initial investment and additional Payments

Where the Policies in the Bond are to be held in a Discounted Gift Plan then the minimum initial investment is £60,000.

If the Policies in your Bond are held in a Discounted Gift Plan or Flexible Reversionary Plan we will not accept an additional single Payment or a Recurrent Single Payment from you while the Settlor is alive. If the Policies in your Bond are held in a Loan Plan we will not accept an additional single Payment or a Recurrent Single Payment from you whilst there is an outstanding loan.

The minimum amounts set out in provision 1.1 (v) do not apply for the Discounted Gift Plan (during the life of the Settlor), the Flexible Reversionary Plan (during the life of the Settlor) or for the Loan Plan (whilst there is an outstanding loan).

### Regular Withdrawals and Cash-Ins

Withdrawals from a Flexible Reversionary Plan to pay Settlor Reversions are made by Partial Cash-ins of complete Policies, which are instructed by the Trustees. The Trustees must give notice of their intention to take Partial Cash-ins. Please refer to the information set out in 4.4 (vii) (a) for more detail on notice required.

A Regular Withdrawal is a payment of money we make to your nominated account following a Partial Cash-in at regular intervals. We can pay a Regular Withdrawal on any day of the month, except 29th, 30th or 31st. If on a particular payment date, the day you selected is not a Business Day, for instance because you have selected the 25th and the payment is due in December, we will make the payment on the next Business Day. You can choose to receive your Regular Withdrawal every:

- (i) month;
- (ii) three months;
- (iii) four months (unless your Bond is held in a Discounted Gift Plan in which case you must choose an alternative frequency for payment of Regular Withdrawals);
- (iv) six months; or
- (v) year

If the Policies in your Bond are held in a Discounted Gift Plan and you wish to take Regular Withdrawals you must arrange these at the Start Date as they cannot be introduced or altered during the Settlor's lifetime.

If the Policies in your Bond are held in a Discounted Gift Plan the minimum amount of each Regular Withdrawal is £250.

If the Policies in your Bond are invested in a Flexible Reversionary Plan, while the Settlor is alive Regular Withdrawals cannot be made.

As set out in provision 10.5, we will not process any regular withdrawals where the value of the Linked Assets is insufficient to cover the withdrawal payment.

### Assignment

You cannot transfer your rights in some or all of the Policies in your Bond that are held in a Discounted Gift Plan if the Settlor is still alive. You cannot assign some or all of the Policies in your Bond that are held in a Loan Plan whilst the loan is outstanding.

### Reversions in a Flexible Reversionary Plan

If the Settlor becomes entitled to a Reversion as specified in the Trust Deed, then it will be considered to be within the Settlor's estate for IHT purposes. Records of reversion dates should be kept by the Trustees as we will not inform you when a reversion date is due or has passed.

# Schedule B

This Schedule B only applies to you if you received advice regarding a Payment to your Bond on or before 31<sup>st</sup> December 2012 and relates to the payment of commission charges.

## **Charges payable to your Financial Adviser**

If you received advice regarding a Payment to your Bond on or before 31st December 2012, you may have agreed that we should pay commission to your Financial Adviser and we would have set relevant charges to cover the payment of commission. The sections below explain how the charges to your Financial Adviser will impact upon the Policies in the Bond. We will stop paying any commission or other charges to your Financial Adviser if this is necessary for us to comply with the requirements of the Central Bank of Ireland, the FCA or the FCA Rules.

### **Initial Commission**

We apply a charge to each Payment or Recurrent Single Payment you make if you agreed that we should pay Initial Commission to your Financial Adviser in order to remunerate him for his initial services. The charge is deducted from the Policies in your Bond.

If we agreed to pay your Financial Adviser an Initial Commission in relation to a Recurrent Single Payment, we will stop paying such Initial Commission to your Financial Adviser, if (on or after 10th December 2012) you increase or restart a Recurrent Single Payment.

### **Fund Based Renewal Commission**

We make this charge on a regular basis if we agreed to pay Fund Based Renewal Commission to your Financial Adviser to remunerate him for his ongoing services. We will deduct this charge by cancelling Units from the assets Linked to the Insured Funds you selected, and/or by deducting money from the IB Bank Account in respect of all other investments Linked to your Policies at the same intervals at which we pay Fund Based Renewal Commission to your Financial Adviser. This may be annually, bi-annually, quarterly or monthly. The amount of this charge is the same as the amount of Fund Based Renewal Commission and is based on the value of the Linked Assets. Please see provision 6.10 (IB Bank Account), for our procedure if not enough money is held in the IB Bank Account.

If we agreed to pay your Financial Adviser Fund Based Renewal Commission in relation to a Recurrent Single Payment, we will stop paying such commission to your Financial Adviser, if (on or after 10th December 2012) you increase or restart a Recurrent Single Payment.

Any charges for Fund Based Renewal Commission will come to an end if you instruct us to apply an Ongoing Adviser Charge to your Bond.

### **Establishment Charge**

- (i) This charge only applies to you if you received advice regarding a Payment to your Bond on or before 31st December 2012.
- (ii) This section applies where we have agreed to pay Funded Initial Commission to your Financial Adviser. The Establishment Charge is expressed as a percentage of the greater of the current value of the Policies in the Bond and the original Payment paid. We deduct the Establishment Charge by cancelling Units from the assets Linked to the Insured Funds you selected, and/or by deducting money from the IB Bank Account in respect of all other investments Linked to your Policies during the Charging Period. Please see provision 6.10 (IB Bank Account), for our procedure if not enough money is held in the IB Bank Account.
- (iii) If you make more than one Payment (please see provision 8 (Paying additional single Payments)), the Establishment Charge will only apply to the part of the Policies in the Bond, which corresponds to the Payment on which you requested us to pay Funded Initial Commission to your Financial Adviser. If you make an additional single Payment and that subsequent Payment attracts an Establishment Charge, each Establishment Charge will be treated as separate charge and may attract different rates and a different Charging Period.
- (iv) If you make an additional single Payment after 31st December 2012 but you received advice from your Financial Adviser before or on 31st December 2012, that additional Payment will be subject to an Establishment Charge if this is agreed between you and your Financial Adviser.

### **Outstanding Establishment Charge**

- (i) This charge only applies to you if you received advice regarding a Payment to your Bond on or before 31st December 2012. If during the Charging Period you make a Full Cash-in or the Life Assured, or if there is more than one Life Assured the last surviving Life Assured, dies you will be charged the Establishment Charge which would have applied to the Policies in the Bond had you kept them until the end of the Charging Period. We call this amount the Outstanding Establishment Charge. We will deduct this Outstanding Establishment Charge from the Cash-in Value we pay to you.
- (ii) If you make a Partial Cash-in during the Charging Period by Partially Cashing-in individual Policies and the Remaining Value of the Linked Assets is less than fifty per cent of the value of the original Payment, we will deduct the amount of the outstanding Establishment Charge from the Cash-in Value we pay to you.

If you make a Partial Cash-in during the Charging Period by making a Full Cash-in of individual Policies in the Bond, we will deduct the amount of the Outstanding Establishment Charge from the Cash-in Value we pay to you.
- (iii) No Outstanding Establishment Charge will be payable on Regular Withdrawals taken within the limits described in provision 10 (Taking Regular Withdrawals).
- (iv) The purpose of the outstanding Establishment Charge is to allow us to recover the sums that we have paid to your Financial Adviser (i.e. to recover money advanced by us and the cost of funding that payment).

# Annex 1 Glossary

Please note that within these Policy Provisions words which we define in the singular form will also include the plural and words which we define in the plural will also include the singular.

**Accident** means an unexpected, external, visible, specific event which occurs at an identifiable time and place and which directly causes loss or injury to the Life Assured.

**Accidental Death Benefit** means the death benefit paid and determined in accordance with the terms and conditions of provision 13.6 in the event of the last surviving Life Assured dying as a direct result of an injury from an Accident.

**Adviser Charge(s)** are charges which you have agreed to pay your Financial Adviser for the services they provide you. We may agree to facilitate the payment of Adviser Charges from your Bond or from the Payment. Please see provisions 7.9 and 7.10, the "Terms and Conditions for paying your adviser" booklet (IBAC62), which accompanies your Confirmation Letter, and the terms and conditions between you and your Financial Adviser for further details.

**After Sales Pack** are the documents we send to you (through your Financial Adviser and which may not be all together) after we have accepted your application for a Bond which includes:

- (a) Policy Provisions;
- (b) Policy Schedule;
- (c) Confirmation Schedule (if you have applied for the Bond electronically); and
- (d) Details of the charges and discounts (other than Adviser Charges) which apply to the Policies in your Bond. Details of the Adviser Charges you have asked us to pay to your Financial Adviser on your behalf will be contained in the Confirmation Letter which will be sent directly to you.

**Assignee** is the person to whom you assign Policies in your Bond, should you decide to do so.

**Bond** is the collective name for the group of life insurance Policies governed by these Policy Provisions and the Policy Schedule which together form the life insurance contract sold to you by us and which is identified by the Bond Number.

**Bond Number** is the reference number which identifies the Bond.

**Bond Owner** means you (please see reference to "you" or "your" below for full details).

**Bond Value** is the total value of the Policies in your Bond less deductions in the event of payment of the Death Benefit or Accidental Death Benefit.

**Bundled Share Class** is a term that applies to Mutual Funds and means a class of Unit (also described as a share) where the External Investment Manager has included the cost of Trail Commission in the Management Charge.

**Business Day** means any day except for Saturdays, Sundays, Christmas Eve, public holidays in the UK, Ireland or the territory where your Linked Assets are situated. It would also not be a Business Day in the exceptional circumstances where the London Stock Exchange or the major clearing banks in the City of London, Dublin and Edinburgh are not open for business on a non-scheduled basis and any other day when we are not open for business.

**Cash-In Value** is the amount we receive in respect of the Linked Assets that are sold (whether through a Full or Partial Cash-in) less any (1) outstanding Establishment Charge (described in Schedule B (Outstanding Establishment Charge)), and/or (2) exit charges that are levied by certain investment managers in relation to their funds, and/or (3) any applicable exit charges that are levied by certain Deposit Account providers.

**Central Bank of Ireland** means the Central Bank of Ireland or any successor regulator which authorises and regulates our insurance business. The Central Bank of Ireland can be contacted at, Central Bank of Ireland, PO Box 557, Dame Street, Dublin 2 (see also [www.centralbank.ie](http://www.centralbank.ie)).

**Charging Period** means the six-year period notified to you during which we'll collect an Establishment Charge from the money in the IB Bank Account because of the Funded Initial Commission we've paid to your Financial Adviser at your request in respect of a Payment paid to the Policies in your Bond as explained in Schedule B (Establishment Charge).

**Confirmation Letter** is a letter we send you which contains full details of the charges that you have chosen to be applied to your Bond to facilitate the Adviser Charges and includes a booklet entitled 'Terms & Conditions for paying your adviser' (IBAC62).

**Confirmation Schedule** is the document we send you, if you or your Financial Adviser have applied for the Bond electronically, which confirms details of the application received by us.

**Data Protection Law** means any law that applies from time to time to the control and/or processing of personal information by either us or your financial adviser under these terms.

**Death Benefit** is the amount we receive in respect of the Linked Assets we have sold or cashed-in following the death of the last surviving Life Assured. This is calculated as explained in provision 13 (What we pay on death)).

**Denial of Service Attack** means an attempt to make a computer resource unavailable to its intended users.

**Deposit Account** is a notice account offered by a number of banks and building societies made available by us as Linked Assets. Deposit Accounts include the type of account referred to as Structured Deposits which may offer a fixed term investment.

**Discounted Gift Plan** means the discounted gift plan available from us.

**Discounted Share Class** is a term that applies to Mutual Funds and means a class of Unit (also described as a share) which is available at a lower cost than an Unbundled Share Class. This share class is sometimes described as a 'super clean' share class.

**Discretionary Investment Manager** is an investment manager with whom we have an agreement who will take investment decisions and manage the Linked Assets on our behalf in accordance with your risk profile and chosen investment strategy. In certain, prescribed, circumstances, and where we have agreed to this, the Discretionary Investment Manager may also provide you with advice to assist you to take investment decisions in respect of a portfolio of investments, on which you receive advice on our behalf.

**Elevate** means Elevate Portfolio Services Limited, who provides us with platform and custodial services in relation to the Elevate GIA.

**Elevate Charges Information Document** means the document produced by Elevate, which your Financial Adviser will provide to you from time to time, which details the specific charges levied on the investments in the Elevate GIA.

**Elevate GIA** means a general investment account available for us to invest in through the Elevate Platform.

**Elevate Platform** means Elevate's web-based platform.

**Establishment Charge** is the sum of money we take from the IB Bank Account over the Charging Period if you ask us to pay Funded Initial Commission to your Financial Adviser in respect of the Policies in your Bond. We express it as a percentage of the greater of the current value of the Policies in your Bond and the Payment you paid to the Policies in your Bond.

**External Investment Manager** means an investment manager which is not us.

**External(ly) Linked Insured Funds** means Insured Funds which invest in Funds managed by an External Investment Manager.

**FCA** means the UK Financial Conduct Authority or any successor or replacement regulator. The FCA can be contacted at 12 Endeavour Square, London, E20 1JN.

**FCA Rules** means the Handbook of Rules and Guidance of the FCA or any successor or replacement regulator to the FCA, as amended from time to time.

**Financial Adviser** means any financial intermediary who:

- (a) is authorised under the Financial Services and Markets Act 2000 as amended from time to time and all regulations and orders under it or is authorised in Jersey, Guernsey or the Isle of Man if you are resident in one of these jurisdictions (as applicable); and
- (b) provides you from time to time with financial and investment advice.

**Flexible Reversionary Plan** means the Flexible Reversionary Plan available from us.

**Full Cash-In** is defined in provision 11.3 (Cashing-in all or some of the Policies in the Bond).

**Fund** is the collective name for the investments available as Linked Assets, and reference may be made to a singular fund (which may include the plural or vice-versa) which may be a fund of any of such assets as the context may require.

**Fund Based Renewal Commission** is defined in Schedule B, only applies to you if you took out your Bond before 31st December 2012 and is the payment that is made by us at regular intervals if you ask us to do so, to your Financial Adviser in order to pay for their ongoing services.

**Fund Dealing Cut-Off Point** means the time on any Business Day by which an External Investment Manager must have received instructions relating to dealings in any Mutual or Whole of Market Funds. You can obtain information on what the dealing cut-off points are by referring to the relevant Fund Investment Documentation, speaking to your Financial Adviser or

contacting us. The Fund Dealing Cut-off Point may be different for different Funds and different transactions.

**Funded Initial Commission** only applies to you if you took out your Bond and/or made an additional payment (other than a Recurrent Single Payment) before 31st December 2012. It is a one-off payment which is paid by us to your Financial Adviser and which we recover by levying an additional charge (as explained in Schedule B (Establishment Charge)) during the Charging Period. It differs from the Initial Commission which is deducted directly from your Bond on the day when the Initial Commission is paid to your Financial Adviser.

**Head Office** is our registered office at 90 St Stephen's Green, Dublin 2, Ireland.

**IB Bank Account** means the bank account that we use to hold the money you pay to us if you want us to invest in Linked Assets other than Insured Funds and from which payments are made in respect of other Linked Assets, all as more fully described in provision 6 (IB Bank Account). The money held in the IB Bank Account is Linked to Policies in your Bond and will be used to invest in other Linked Assets.

**Initial Adviser Charge** is defined in provision 7.10 (i).

**Initial Commission** only applies to you if you took out your Bond before 31st December 2012 and is defined in Schedule B.

**Insured Funds** are the insurance Funds which are provided by Standard Life International and are only accessible through your investment in your Policies within your Bond. Some of our Insured Funds invest directly in Mutual Funds through Externally Linked Insured Funds.

**Investment Content** is the part of your Payment which is used to purchase Units in a Fund. See provision 5 (How we allocate and cancel Units) and provision 8 (Paying additional single Payments).

**Investment Documentation** is the collective term for the disclosure documents (including prospectuses, supplementary information documents and factsheets) which are produced for each of those investments we make available to be held as Linked Assets. These documents may be produced by us or by a third party (including External Investment Managers). You can obtain copies of the relevant Investment Documentation from your Financial Adviser.

**Key Features Document** is the document which sets out the high level aims and features of your Bond.

**Key Information Document** is a short regulatory document which summarises the key features of your Bond and should be read with other relevant Investment Documentation before you decide to take out the Bond.

**Life (or Lives) Assured** means the person(s) whose life is covered under the Policies in your Bond. Your Bond will come to an end on the death of the last remaining Life Assured, unless you cash-in all of the Policies in the Bond first. You can have up to six Lives Assured.

**Link or Linked** means related in such a way that the amount you receive in respect of your Policies depends on the investment performance of the relevant assets. Linked Assets means the assets you direct us to invest in, or which our Discretionary Investment Manager selects, which (subject to provision 1.1 and Schedule A) we Link to the Policies in your Bond. Linked Assets can be made up of Units in Insured Funds, Mutual Funds, and/or Whole Of Market Funds; other investments permitted by us (such as gilts, bonds and equities) and/or the money in the Deposit Accounts, and includes money held in the IB Bank Account.

**Loan Plan** means the loan plan available from us.

**Management Charges** is the collective name for the fund management charge (please see provision 7.3 (Fund management charge)) and the additional expenses (please see provision 7.15 (Additional expenses)).

**Mutual Funds** means Funds operated by an External Investment Manager which raise money from investors and invest in a group of assets, in accordance with a stated set of objectives.

**Ongoing Adviser Charge** is defined in provision 7.10 (iii).

**Order** means, in relation to investments in the Elevate GIA, a single instruction by your Financial Adviser to place a buy, sell or switch transaction, or multiple instructions to place buy, sell and/or switch transactions on a single Order Day, on the Elevate Platform.

**Order Day** means any day on which the Elevate Platform is open for business for the buying, selling or switching of investments.

**Partial Cash-In** is defined in provision 11.3 (Cashing-in all or some of the Policies in the Bond).

**Payment** means money paid by you in consideration of the Policies in your Bond and includes a Recurrent Single Payment if applicable in the context of the relevant provision.

**Phoenix Group** means Phoenix Group Holdings plc and its subsidiaries and subsidiary undertakings from time to time.

**Policies** are the individual life insurance policies which make up your Bond and may also be referred to as "segments". A Policy and a "segment" will mean the same thing. Your Bond will be divided into individual Policies at the Start Date which

are Linked to the same Linked Assets. Each separate Policy in your Bond is identified by its own Policy Number. Each Policy will represent an equal percentage of value in your Bond.

**Policy Number** is the reference number which identifies each separate Policy and is made up of the Bond Number and a combination of letters and numbers.

**Policy Provisions** means this document. It contains the terms and conditions of the Policies in your Bond and together with the Policy Schedule forms the contract between you and us.

**Policy Schedule** is the document which describes the specific details of the Policies in your Bond such as the Start Date, the Bond Owner(s), the Life (Lives) Assured, the level of cover and governing law.

**Pricing Point** means the time when the price of Insured Funds, Mutual Funds and Whole of Market Funds are calculated. These Funds are generally priced on each Business Day, although some are priced weekly or at other frequencies. Information on when each Fund is priced can be obtained by contacting our Head Office.

**Recurrent Single Payments** means a series of single Payments paid by you and collected by direct debit or standing order that you can stop and start at any time.

**Regular Initial Adviser Charge** is defined in provision 7.10 (ii).

**Regular Initial Adviser Charging Period** means the time period specified by you and confirmed in the Confirmation Letter during which we will collect a Regular Initial Adviser Charge, as explained in provision 7.10 (ii) (Regular Initial Adviser Charge).

**Withdrawals** are payments of money we make to your nominated account following a Partial Cash-in at regular intervals (see provision 10 (Taking Regular Withdrawals)). Regular Withdrawals may incur exit charges which may be levied by certain External Investment Managers in relation to specific Mutual Funds, Whole of Market Funds or by certain Deposit Account providers.

**Remaining Value** means the value of the total remaining Linked Assets or, depending on the context, the value remaining in a particular Fund or Deposit Account, following any cash-in or withdrawal (including a Regular Withdrawal).

**Reversions** mean the segments which are to revert to the settlor on defined dates as detailed in the trust deed.

**Schedule** means any one or more of the schedules attached to and forming part of these Policy Provisions as the context requires.

**Settlor** means the person who either creates the trust by transferring money to the trustees of the Discounted Gift Plan, Loan Plan or Flexible Reversionary Plan to purchase the International Bond or who transfers Policies in an existing Bond to the trustees of the Flexible Reversionary Plan.

**SL Dealing Cut-Off Point** means the time on any Business Day by which we must have received your instructions relating to any Insured Funds. You can obtain information on what the current SL Dealing Cut-off Point is by contacting us. We may need to change the SL Dealing Cut-off Point, in order to continue to operate the Insured Funds in an effective way. Please note, the SL Dealing Cut-off Point may be different for different transactions.

**Standard Life International** means Standard Life International dac, a designated activity company limited by shares, 90 St Stephen's Green, Dublin 2, Ireland. We are authorised and regulated by the Central Bank of Ireland.

**Start Date** will be shown on your Policy Schedule and will be the later of the date on which we receive your initial Payment and the date on which we receive at our Head Office all the relevant signed documentation we require to start the Policies in your Bond. This will be the date on which the Policies in your Bond are set up on our internal computer systems.

**Structured Deposit** is a Deposit Account Linked to the Policies in your Bond where any investment return is directly linked to the performance of an index or underlying investment, for example the FTSE 100 or a group of designated shares.

**Switch or Switch Instruction** has the meaning described in provision 9 (Switching Funds).

**Trail Commission** is a payment made by the External Investment Manager to your Financial Adviser in relation to advice given to you by your Financial Adviser prior to 31st December 2012.

**UCITS** are undertakings for collective investment in transferable securities and are established in accordance with the UCITS Directive.

**UCITS Directive** means the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended.

**UK** means the United Kingdom of Great Britain and Northern Ireland excluding the Isle of Man or the Channel Islands.

**Unbundled Share Class** is a term that applies to Mutual Funds and means a class of Unit (also described as a share) where the External Investment Manager has excluded the cost of Trail Commission in the Management Charge. This share class is sometimes described as a 'clean' share class.

**Unit Price** is the price for each Unit in an Insured Fund and Mutual Fund. See provision 4 (Pricing Funds).

**Units** are units or shares in a fund.

“**we**”, “**us**” and “**our**” means Standard Life International.

**Wealth Management Charges** means the regular fixed charge, the initial administration charge and the regular administration charge as described in provision 7.4.

**Whole of Market Fund** means a Fund operated by an External Investment Manager which raises money from investors and invests in a group of assets, in accordance with a stated set of objectives and which is not available from the range of Mutual Funds we make available. We make these Funds available as a Linked Asset because either you have requested that we do so and we have agreed or because we have appointed a Discretionary Investment Manager to manage the Linked Assets.

Reference to “**you**” and “**your**” throughout these Policy Provisions will mean the person or persons named in the Policy Schedule who own(s) the Policies within your Bond associated with the Policy Schedule and agree(s) to pay any Payment or their survivor(s), executor(s) or other legal representative(s); or the person(s) who is/are the Assignee(s) of some or all of the Policies within your Bond or the survivor(s) of them. When reference in these Policy Provisions is made to investment decisions made by you this includes decisions authorised or instructed by you or on your behalf by other natural or legal persons.

# Annex 1a

The following definitions are taken from the Irish Revenue Commissioners guidance notes which are subject to amendment by the Irish Revenue from time to time.

## **Residence – Individual**

An individual will be regarded as being resident in Ireland for a tax year if she/he:

1. spends 183 days or more in Ireland in that tax year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that tax year together with the number of days spent in Ireland in the preceding year.

Presence in a tax year by an individual of not more than 30 days in Ireland will not be reckoned for the purpose of applying the two-year test. Up to 31 December 2008, presence in Ireland for a day means the personal presence of an individual at the end of the day (midnight). **From 1 January 2009, presence in Ireland for a day means the personal presence of an individual at any time during the day.**

## **Ordinary residence – Individual**

The term “ordinary residence” as distinct from “residence” relates to a person’s normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which she/he is not resident. Thus, an individual who is resident and ordinarily resident in Ireland in 2004 and departs from Ireland in that year will remain ordinarily resident up to the end of the tax year in 2007.

## **Residence – Company**

Prior to Finance Act 2014, company residence was determined with regard to the long established common law rules based on central management and control. These rules were significantly revised in Finance Act 2014 to provide that a company incorporated in Ireland will be regarded as resident for tax purposes in Ireland, unless it is treated as resident in a treaty partner country by virtue of a double taxation treaty. While the common law rule based on central management and control remains in place, it is subject to the statutory rule for determining company residence based on incorporation in Ireland set out in the revised section 23A TCA 1997.

The new incorporation rule for determining the tax residence of a company incorporated in Ireland will apply to companies incorporated on or after 1 January 2015. For companies incorporated in Ireland before this date, a transition period will apply until 31 December 2020.

## **How to contact us**

If you have any questions or would like to make any changes to the Policies in your Bond, you should initially speak to your Financial Adviser. You can also contact us at our Head Office which is at 90 St Stephen’s Green, Dublin 2, Ireland.

Our customer service telephone number is 0345 300 4273 and Head Office’s International telephone number is 00353 1 639 77 66. Please have your Bond Number ready when calling. Calls may be recorded/monitored to help improve customer service. Call charges may vary.

Should you wish to send any documents to us please send them to Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. Please ensure you include your Bond Number in all correspondence with us.

Email is not a secure method of transferring personal information, but if you are happy to send your details this way, please email us at: [service@slinternational.ie](mailto:service@slinternational.ie). Emails may be recorded/monitored. There is no guarantee that any email sent will be received or will not have been tampered with or intercepted during transmission. Should there be a failure in the transmission or receipt of any emails sent by or to you we cannot be held responsible for any loss or delay experienced by you. You may prefer to contact us by telephone or in writing.

We will retain records of our communications with you for as long as required by regulation/ law, or to enable us to meet any future requirements or obligations. You may contact us for a copy of these records at any time.

Standard Life’s website can be found at: [www.standardlife.co.uk](http://www.standardlife.co.uk)



## Find out more

If you'd like more information on offshore investing, or if there's anything more about Standard Life International we can help you with, just call us on this number, or visit our website. Call charges may vary and your call may be recorded or monitored to improve our service.

## Call us on 0345 300 4273

(Mon-Fri, 9am to 5pm). Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

[www.standardlife.co.uk](http://www.standardlife.co.uk)

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