

# Capital Investment Bond from Standard Life

## KEY FEATURES

*Before you buy a Capital Investment Bond, it is important that you understand what the product is, how it works, what the risks are and what the decision will mean for you. This key features document gives you the main points about the investment bond you are buying. We have enclosed a personal illustration showing you how much you may get back in the future. Please read it carefully and keep it with your other Capital Investment Bond documents. This key features document is for a UK plan and is for use by UK residents only.*

Please note if you are making an additional investment to an existing bond that was taken out before 13 September 2004, that some of the terms and conditions have changed.

## Its aims

- To give you the potential for capital growth, or income, or a combination of both.
- To give you access to your money by making regular withdrawals every month, 3 months, 4 months, 6 months or every year. You can also make one-off withdrawals at any time.
- To allow you to choose from a range of investment funds to match your investment objectives.

## Your commitment

- You should view your bond as a medium to long-term investment, which means it should usually be held for at least five years. The bond has no fixed term.

## Risk factors

- What you get back depends on investment performance and our deductions. The value of your investment can go down as well as up and you may get back less than you invested. There is no guaranteed value.
- You may get back less than the amounts shown in your personal illustration because:
  - capital growth could be lower than shown in your personal illustration
  - withdrawals from your bond could use up some of your capital
  - withdrawals from your bond could be greater than the capital growth of your bond
  - our charges could go up.
- Your bond invests in a range of investments, including stocks and shares which have different levels of risk.
- If you cancel the bond in the first 30 days and its value has fallen, then you would get back less than you paid in.

## Questions and answers

### What is a Standard Life Capital Investment Bond?

- It is an investment bond, made up of up to 20 individual policies, that invests in one or more funds offered by Standard Life. The minimum investment is £5,000. There is no maximum but if you wish to invest more than £500,000 we reserve the right to review your application.
- The minimum age for taking out a bond is three months. The maximum age is 84 if you choose the 'Stepped' charging option and 89 if you choose the 'Level' charging option. (Please see 'What are the charges?' on page 5 for full details). You normally have to be resident in the UK to make an investment in the bond. Up to six people can jointly own the bond.

### How flexible is it?

- You can make additional payments of £1,000 or more to your original investment at any time subject to the £500,000 review limit and the maximum age limits. Additional amounts can be invested in your original choice of funds, or different funds, as you prefer.
- You can make regular or one-off withdrawals from your bond.
- There is no fixed term so you can cash in all or part of your individual policies.
- You can switch between investment funds.

### What might I get back?

- The amount you get back is not guaranteed and will depend on several factors, such as:
  - how much you invested
  - the length of time you invested for
  - the performance of the funds you have chosen
  - how much our charges are
  - the amount of any regular or one-off withdrawals you have taken.

- Your personal illustration gives you an indication of what you might get back. When you cash your bond in, we will pay you the value of your bond.

### Can I take money out?

- You can take money out at any time but this will reduce the value of your bond. You can make regular withdrawals, one-off withdrawals or fully cash in your bond.
- You can make regular withdrawals every:
  - month
  - 3 months
  - 4 months
  - 6 months
  - year.
- You can make withdrawals either from the start of your investment or at any time later. The minimum regular withdrawal amount is £50. Payment will be made direct to your bank account. You must keep at least £300 invested in your bond if you wish it to stay open. You can also make one-off withdrawals of £125 or more as long as you keep at least £300 invested in your bond.
- If you choose the Stepped Option (described on page 6), you can only take withdrawals of up to 7.5% a year from your bond. This percentage is based on the investments you have paid in less any one-off withdrawals.
- If the value of your bond falls below £300, your bond will be automatically cancelled and the money returned to you.
- You have the choice of investing in the Distribution Fund if you want to receive a regular income and the potential of capital growth. The amount of the income distribution you receive is based on what you paid in, the size of income you ask for and the size of income distribution we declare. The fund aims to provide an income of 5% a year and we announce the actual level in February and August each year.

## Where is my payment invested?

- We offer a wide range of investment funds so that you can choose the one(s) which best meets your needs. Your payment is used to buy units in your choice of one or more of these funds.
- The amount you get back is directly linked to the performance of stocks and shares in which the funds are invested. If you would like more information about the funds, please ask your financial adviser or your local Standard Life office for a copy of 'Description of Funds' leaflet GEN11INV.
- You can switch your payments in and out of various funds to change the mix of investments, though there may be conditions and a charge for doing this. You can only invest in a maximum of 12 funds at any one time. You are limited to a maximum of 20 funds in total over the life of your bond.

## What happens to my Capital Investment Bond if I die?

- If more than one person is covered by the life assurance included with the bond, the bond may continue until the death of the last person covered.
- If you are the last person covered, a cash sum of 101% of your current bond value will be paid out on your death.
- If the bond is written under trust the cash sum will be paid to the trustees after the death of the last person covered.

## What are the charges?

We charge for managing your Capital Investment Bond. These charges will affect the value of your bond. We offer two charging options – Level and Stepped. If you are investing more money into an existing bond where units were allocated before 13 September 2004, the Level Option will be applied to your bond. You cannot switch options once you have taken out your bond.

## Level Option

- We invest a proportion of your investment. This is called the allocation rate. The allocation rate depends on the age of the youngest life assured when you make the investment and the amount of the investment. We calculate an individual allocation rate for each additional investment. This is determined by the age of the youngest life assured on the date you make that investment, and the sum of that investment plus all previous investments to the bond. The table on page 6 shows the range.

Amount of your investment	Age		
	69 and under	70 to 84	85 to 89
£100,000 or more	97.00%	95.00%	94.00%
Less than £100,000	96.75%	94.75%	93.75%
Less than £50,000	96.75%	94.75%	93.75%
Less than £25,000	96.75%	94.75%	93.75%
Less than £15,000	95.75%	93.75%	92.75%

- We take a percentage of your fund or funds value each year. This is the Annual Management Charge (AMC). The AMC varies depending on which fund or funds you choose. The current level is shown on your personal illustration.

### Stepped Option

- We invest a proportion of your investment. This is called the allocation rate. The allocation rate depends on the age of the youngest life assured when you make the investment and the amount of the investment. We calculate an individual allocation rate for each additional investment. This is determined by the age of the youngest life assured on the date you make that investment, and the sum of that investment plus all previous investments to the bond. The table below shows the range.

Amount of your investment	Age			
	69 and under	70 to 74	75 to 79	80 to 84
£100,000 or more	102.50%	101.50%	100.50%	99.50%
Less than £100,000	102.00%	101.00%	100.00%	99.00%
Less than £50,000	101.75%	100.75%	99.75%	98.75%
Less than £25,000	101.50%	100.50%	99.50%	98.50%
Less than £15,000	100.00%	99.00%	98.00%	97.00%

- We take a percentage of your fund or funds value each year. This is the Annual Management Charge (AMC). The AMC varies depending on which fund or funds you choose. The current level is shown on your personal illustration.
- If you keep your bond for five years, we will increase the value of your investment by 0.5% a year after that. We do this by adding extra units to your bond every month, starting from the first month after the fifth anniversary of each investment you make.
- If you choose the Stepped Option and you cash in all or part of your bond within the first five years of any investment, we will apply an exit penalty. The table below shows the amount of the penalty for every £1,000 paid out.

	Year 1	Year 2	Year 3	Year 4	Year 5
Exit penalty per £1,000	£86.96	£63.83	£52.64	£41.67	£20.41

- We do not apply the exit penalty to your regular withdrawals. However you cannot take more than 7.5% a year of your investment paid as fixed withdrawal amounts or a fixed percentage. One-off withdrawals reduce the investment from which the maximum regular withdrawal amount can be taken. If you choose to invest in the Distribution Fund, and to receive the full income distribution amount, we will pay this without an exit penalty, even if the level of distribution is greater than 7.5%.

### The information that follows applies to both the Level and Stepped Options

- Changing the funds in which your bond is invested is known as 'switching'. The first four switches you make in any 12 month period are free. For each extra switch in the same 12 month period, we charge 0.5% of the value of the investment switched. The minimum charge for this is £10 and the maximum is £25.

- The charges and their effect on the value of your bond are shown in your personal illustration.
- We can increase the charges we make. We may do so in the future if our costs are higher than originally expected. This might happen if, for example:
  - tax rules change
  - our staff or overhead costs are more than we expected
  - our income from charges is less than we expected.

### What about tax?

This section applies only if the bond is owned by an individual or individuals. If the bond is set up under trust, or owned by a company, please refer to your financial adviser for more information.

- Standard Life pays tax on the income and gains of the funds' investments. This means that if you are a basic-rate taxpayer you will normally have no additional tax to pay on the proceeds of the bond.
- Each year you can withdraw up to 5% of the total payments made into your bond without any immediate tax liability. Once you have made withdrawals totalling 100% of the total amounts paid into your bond, this allowance stops. Any part of this allowance that you don't use can be carried forward into future tax years until you have used up your allowance.
- If you cash in all or part of the bond, or take regular withdrawals amounting in any policy year to more than 5% of the total amounts paid into your bond, part of your benefit may be treated as a 'chargeable gain'.
- You will have to pay tax on a chargeable gain if you are a higher-rate taxpayer. The rate of tax payable on a gain arising in the tax year commencing 6 April 2004 is the difference between the lower rate of tax on savings and the higher rate, i.e. 20%.
- The chargeable gain is calculated by the Inland Revenue as follows:
  - When you cash in your bond, the chargeable gain is generally the amount you receive plus any amounts you have previously taken, less the total amounts paid into the bond, less any chargeable gains which have arisen on previous withdrawals.

- If you die, the chargeable gain if a cash sum is paid on death is generally the cash-in value of the bond immediately before death plus any amounts previously taken from the bond, less the total amounts paid into the bond, less any chargeable gains which have arisen on previous withdrawals.
- If you make partial withdrawals, a chargeable gain is calculated for the current policy year by adding all the withdrawals made during the year and deducting the amount of the 5% allowance available, as described above.
- If you would not otherwise be a higher-rate taxpayer, but the chargeable gain, when added to your income, takes your income into the higher-rate tax bracket, the tax payable may be reduced by ‘top slicing relief’. Your financial adviser will be able to explain this relief.
- Chargeable gains are normally assessed on the bond owner. Therefore, if you are a couple, paying different rates of tax, it may be more tax-efficient for the partner with the lower rate to own the bond. You should consult your financial adviser for further information.
- Your bond may be split into as many as 20 individual policies, depending upon the amount you have invested. When you make a partial withdrawal, you may choose to take an equal amount from each policy or to cash in individual policies, whichever method gives you the lower tax liability.
- When you incur a chargeable gain, the addition of the gain to your income may adversely affect any age allowance to which you are entitled (but your allowance cannot be reduced below the level of the ordinary tax allowance).
- Similarly, a chargeable gain may affect your entitlement to working tax credit and child tax credit.
- You will not have to pay tax if you switch your investment between different investment funds.
- If your bond was not set up under trust, it will form part of your estate on death, and may therefore increase your inheritance tax liability.

Tax and legislation are likely to change. The information given here is based on our understanding of law and Inland Revenue practice at the date of publication.

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

- You have a legal right to cancel your contract if you change your mind. When we accept your application we will send you a Cancellation Notice. You will have 30 days from when you receive this to tell us if you want to cancel. We will then return any payments you have made. However, if the value of your investment falls before we receive your Cancellation Form, we will deduct an equivalent amount from your refund.

### **How will I know how my Capital Investment Bond is doing?**

- We will send you a statement each year giving the value of your bond.
- You can also call our customer help line on 0845 6060 002 for an update.
- You can check our website – [www.standardlife.co.uk](http://www.standardlife.co.uk) – for details of fund prices.

### **How to contact us**

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions or would like to make any changes to your Capital Investment Bond, you can phone us, or write to us.

Call us on 0845 60 60 002 during the following times: Monday to Friday  
8am – 6pm

Write to us at:

The Standard Life Assurance Company  
Standard Life House  
30 Lothian Road  
Edinburgh  
EH1 2DH  
United Kingdom

## Other information

### How to complain

- We can send you a leaflet summarising our complaint handling procedures, on request.
- If you ever need to complain, first write to us at the address shown on the previous page. If you are not satisfied with our response, you may be able to complain to:

The Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

Telephone: 0845 080 1800  
Switchboard: (020) 7964 1000  
Fax: (020) 7964 1001

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)  
E-mail: [enquiries@financial-ombudsman.org.uk](mailto:enquiries@financial-ombudsman.org.uk)

- Complaining to the Ombudsman will not affect your legal rights.

### Terms and conditions

- This key features document gives a summary only. Please contact either us or your financial adviser for full details of the Capital Investment Bond.
- We may change some of the terms and conditions. We will write and explain if this happens. We will also send you a copy of anything that has changed.

### Law

- In legal disputes, the law that applies is usually the law of the country in which you are resident when you take out the bond.
- When we speak about tax and legislation, we base our views on our understanding of law and Inland Revenue practice when we produced this document. Tax and legislation are likely to change in future.

## Compensation

- Qualified financial advisers will recommend products that are suitable for you. You have a legal right to compensation if, at any time, it is shown that you have bought a recommended product that was not suitable for your needs at that time.
- The Financial Services Compensation Scheme has been set up to deal with compensation if firms are unable, or likely to be unable, to meet claims against them. For further information contact us on 0845 60 60 002.

## About Standard Life

- Standard Life is a mutual company. However, on 31 March 2004 it was announced that the Standard Life Board had concluded that, in principle, proceeding towards a demutualisation of the Company was in the best interests of the Company and its policyholders. The current timetable envisaged is that a proposal will be put to members by the 2006 Annual General Meeting for implementation as soon as practicable thereafter.

Standard Life has been assessed as having attained the standards under the Raising Standards Quality Mark Scheme.

The Standard Life Assurance Company\* is a mutual company registered in Scotland (no SZ4)  
Head Office Standard Life House 30 Lothian Road Edinburgh EH1 2DH Tel (0131) 225 2552

*Standard Life may record and monitor telephone calls to help improve customer service.*

The Standard Life group includes Standard Life Pension Funds Limited\*  
SLTM Limited\* Standard Life Investments (Mutual Funds) Limited\*

\*Authorised and regulated by the Financial Services Authority

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