

Key Features of the With Profits Growth Bond



**The Liverpool Victoria
With Profits Growth Bond**

Liverpool Victoria

Key Features of the With Profits Growth Bond

This key features document has important information which you should read in conjunction with your Personal Projection

If you already hold a Liverpool Victoria With Profits Investment or Growth Bond and are starting another Bond, some preferential terms may apply, please see page 3 for details.

Its aims

- To provide a way for you to invest in stocks, shares, property and other assets - without the day to day ups and downs of investing directly in the stockmarket
- To provide smoothed capital growth over the medium to longer term
- To let you cash in or take regular or occasional withdrawals, if you need to

Your commitment

- To invest £10,000 or more (or £1,000 or more for additional Bonds) up to a total of £500,000
- There is no specific investment term - but ideally you should keep your Bond for around 10 years or more

Risk factors

- It is important to understand that we cannot guarantee what you might get back
- During the first 5 years only, there is an early withdrawal charge if you cash in or take larger withdrawals
- When stock markets or assets are depressed in value, a Market Value Reduction could reduce the value of your Bond if you cash in or take withdrawals
- When you decide to cash in your investment completely, there is a risk that you can get back less than you invested
- Investment growth could be lower, and the charges higher than shown in your Personal Projection

Your questions answered

What returns can I expect from my Bond?

Your returns will depend on the actual performance of our With Profits Fund. Your Independent Financial Adviser will give you a Personal Projection with this booklet. This shows what your Bond might be worth at different times in the future, based on 3 different growth rates, 4%, 6% and 8% a year.

What is a Liverpool Victoria With Profits Growth Bond?

It is a single premium, unitised With Profits, non-qualifying, whole of life policy, issued by Liverpool Victoria Friendly Society Limited.

Can anyone take out a Bond?

You must be aged between 17 and 84, but if you take out a joint Bond on a 'second death basis' only one of the bondholders needs to be aged 84 or under.

You must also be resident in the UK (ie England, Wales, Scotland or Northern Ireland). We cannot accept applications from residents of the Channel Islands or the Isle of Man.

How much can I invest?

You can invest from £10,000 to £500,000. If you want to invest more money after your Bond has started this will be put into an additional Bond.

What is the unit allocation for additional Bond(s)?

If you have already invested in a With Profits Investment Bond or a With Profits Growth Bond through an Independent Financial Adviser, we will add the amount you are investing in your new With Profits Bond together with the initial investment(s) in your existing Bonds to establish your unit allocation.

Can I cancel my Bond if I change my mind about investing?

Yes. When we issue your Bond documents we will send you a notice of your legal right to cancel. You will then have 14 days in which you can change your mind and get a full refund of any money you have paid.

What happens to my money when I invest?

The money you invest in your Bond will be allocated to units in our With Profits Fund. The number of units you receive will depend on how much you invest and the price of the units. The ongoing value of your Bond depends on the number and value of the units held in your Bond.

How your number of units may change

- Units will be cancelled from your Bond to pay our monthly charge or when you withdraw money.

How the price of units may change

- The price of the units will go up as a result of regular bonuses.
- The price of units can never go down. However, if you withdraw money when stock markets are depressed we may reduce the amount we pay to you.

When will I get my extra investment allocation?

We will add 2% extra units to your Bond at the start. If you invest £20,000 or more, even more extra units will be added to your Bond as shown in the table below.

Your Investment	The Extra Units	Allocation Rate for your Bond
£10,000 - £19,999	2% extra	102%
£20,000 - £49,999	2.5% extra	102.5%
£50,000 - £99,999	3% extra	103%
£100,000 - £500,000	3.25% extra	103.25%

Different allocation rates apply to investors aged 70 and over. Your financial adviser can provide you with these rates which you can also find in your personal projection.

Is the value of my Bond guaranteed?

No. Although the price of the units allocated to your Bond will never go down, when you cash in or take withdrawals a market value reduction may apply in extreme adverse financial conditions. This means we could pay out a reduced amount from your Bond, see page 5.

What can I expect from Liverpool Victoria's With Profits Fund?

Our With Profits Fund holds a wide range of carefully chosen investments that we manage on behalf of our members. Our aim is to achieve competitive growth over the medium to longer term, by investing in:

- mainly the shares of UK and overseas companies
- fixed interest securities including Government stocks and bonds

- property
- a small selection of other securities
- some cash.

The proportion of these investments may vary, reflecting changes in market conditions, and our view of future prospects. Some of the profits we make are added as regular bonuses, which increase the price of the units; others are paid out as a final bonus when you cash in your Bond. Our bonus rates will vary from time to time, reflecting both changes in market conditions and the rates of return being achieved from our investments.

Our bonuses smooth out the day to day ups and downs of investment returns - some of the returns in good years are held back to be used for bonuses in poorer years.

Unit price of the Fund

We calculate the unit price of our With Profits Fund at least once a month and usually weekly.

How will I know what my Bond is worth in the future?

You can check the latest price of the units by looking in the Insurance Funds section of the Financial Times.

We will also send you an annual statement for your Bond. And, if you take occasional withdrawals during the year, we will confirm the revised position when we send you your cheque.

Can I invest more money later on?

Yes. Any extra money you invest will be used to start an additional Bond - on the terms we are offering at that time.

When can I take withdrawals or cash in?

You can take withdrawals or cash in your Bond at any time. Payment will only be made to the legal owner of the policy. The minimum withdrawal amounts are:

- occasional withdrawals – you can withdraw £250 or more, provided the amount left in your Bond afterwards is at least £500.
- regular withdrawals – you can take £50 or more each month, quarter, half-year or year, provided the value of your Bond at the time you first start taking withdrawals is at least £5,000. There are limits to the amount you can withdraw penalty free in the first 5 years.

If, after taking a withdrawal, there is no money left in your Bond we will close it.

Depending on when you take money out, and how much you take, an early withdrawal charge and/or market value reduction could apply. Please see page 5 for details.

What happens if I die?

The death benefit will be 101% of the total current value of your bond taking account of withdrawal charges and any Market Value Reduction (see page 5), subject to a minimum of the original investment less any withdrawals.

The bond may be cashed in or remain invested depending on how the policy is set up. Your Independent Financial Adviser will be able to advise you.

Will I have to pay tax on my Bond?

Under current legislation, you will not have to pay any basic rate tax or capital gains tax when you take withdrawals or cash in your Bond, but if you qualify for age allowance this could be affected.

Liverpool Victoria is liable for tax on income and gains earned on the assets held in the With Profits Fund (you cannot recover this tax).

If you are a higher rate tax payer you may be taxed on withdrawals or when you cash in your Bond (see the Further Details brochure). If you have any queries about taxation please talk to your Independent Financial Adviser.

Based on our understanding of current legislation and Inland Revenue practice, which is subject to change.

Deductions Summary

What are the deductions from my bond?

Your Personal Projection shows the effect of our deductions on the growth of your Bond. Unlike some other types of investment our Bond has no initial charge for most investors and no bid/offer spread. These are the charges which can apply to your Bond:

Monthly charges

- During the first 5 years only, a monthly charge of 0.075% is taken on the first day of each calendar month by cancelling units. This charge, which covers the cost of setting up your Bond, stops at the end of 5 years.
- In addition, we currently deduct 0.057% a month from the investment fund before determining bonuses.

Early withdrawal charge

During the first 5 years there is a charge deducted from the money we pay out if you die, cash in or withdraw more than 5% of your original investment in any Bond year.

The early withdrawal charge reduces on a sliding scale each year as shown below.

Year	1	2	3	4	5	6
Charge	9%	7.5%	6%	4.5%	3%	Nil

We take the charge from the value of your Bond before we pay out your money. As a result, if you cash in during the early years you may get back less than you have paid in. After 5 years the charge stops.

On death, we promise to pay out at least the amount you originally invested less any withdrawals taken.

What is a market value reduction?

This could reduce the amount we pay out if you die, cash in your Bond or take withdrawals at any time. Its purpose is to ensure you receive your fair share of the investment returns. It makes sure that when stock markets or assets are depressed in value, people who cash in do not excessively reduce the value of the Fund for those who continue to invest.

We expect to apply an Market Value Reduction only where the value of your Bond (including regular bonuses) is higher than the actual investment returns achieved.

Further information

Liverpool Victoria

Liverpool Victoria Friendly Society Limited was founded in 1843 and is an incorporated Friendly Society under the provisions of the Friendly Societies Act 1992. The Society is not a subsidiary of any other organisation, and is a United Kingdom Life Office.

We are a mutual organisation and we exist wholly for the benefit of our members.

Advice

If you need advice about whether or not this Bond is suitable for your needs, please talk to your Independent Financial Adviser.

Law

The law of England and Wales will apply to the terms and conditions of the With Profits Growth Bond.

Complaints

If you have a complaint about any aspect of the service you receive from Liverpool Victoria, please phone us on 0845 60 20 690.

Alternatively, you can write to us at:

- Box 2, Liverpool Victoria
Friendly Society Limited, County Gates,
Bournemouth BH1 2NF.

Making a complaint will not affect your right to take legal proceedings. We operate a written complaints procedure in accordance with the Financial Services Authority and the Financial Ombudsman Service. A copy of our complaint handling procedures is available on request.

Compensation

In the event of our being unable to meet our liabilities and where you have a valid claim against us you may be entitled to compensation from the Financial Services Compensation scheme.

For details of the Compensation Scheme, please talk to your Independent Financial Adviser or contact:

- The Financial Services Compensation Scheme,
7th Floor, Lloyds Chambers,
1 Portsoken Street. London E1 8BN.

Tel: 020 7892 7300 Fax: 020 7892 7301
or e-mail: enquiries@fscs.org.uk

Liverpool Victoria Friendly Society Limited is authorised and regulated by the Financial Services Authority and is a member of the ABI, AFS and ILAG. Registered Office: County Gates, Bournemouth BH1 2NF. Client Administration Centre Liverpool Victoria Friendly Society Limited: PO Box 67, The Ziggurat, 25 Grosvenor Road, St Albans, Herts AL1 3YL. Telephone: 0845 60 23 390.

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