

The Financial Services Authority is the independent financial services regulator. It requires us, Friends Provident, to give you this important information to help you decide whether our Protected Investment Portfolio Bond is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Its aims

- To increase the value of your investment over the longer term.
- To allow you to take regular withdrawals.
- To allow you to invest in a range of funds to suit your investment needs.
- To provide a guaranteed minimum payment on death.

Your commitment

- To invest a lump sum payment of £5,000 or more.
- To see your bond as an investment for at least five years although you can cash it in whenever you wish.

Risks

- We don't guarantee what you'll get back in the future as this depends on how well the investments perform. The value can go up and down. You could get back less than you've paid in.
- When you cash in your bond, you may get back less than your illustration shows. This could happen for several reasons, for example if:
 - investment performance is lower than shown
 - our charges are higher than shown
 - you take out more money than shown.

- Some funds carry a higher level of risk than others. Please see the Protected Investment Portfolio Bond Brochure (XINV25/B) for more details.
- If you cash in all or part of your bond within five years of making an investment, we'll make a charge.
- If you change your mind within 30 days of receiving your bond documents and the investment value has fallen, you'll get back less than you've paid in.

Questions and answers

What is the Friends Provident Protected Investment Portfolio Bond?

- It's an investment that gives you access to the world's investment markets through a wide range of professionally managed funds.
- It aims to increase your investment over the longer term.
- It provides a guaranteed minimum payment on death. When your bond starts, the amount guaranteed is equal to the amount of your initial investment. Each time you take money out, the amount guaranteed will reduce. The guaranteed minimum payment applies on death only and not at any other time.
- You must be aged 18 or over to start the bond.
- You can set it up on your own life, on another person's life or jointly on both your lives. If the bond is set up on one person's life, they must be aged under 75. If the bond is set up on two persons' lives, one of them must be under 75.



How flexible is it?

- You can cash it in (in full or in part) at any time.
- You can take regular or occasional withdrawals.
- Because we set up your bond as several identical policies this gives greater flexibility. For example, you could cash in some policies and keep the others going.
- If you want to, you can switch between funds. *Please see 'Where is my payment invested?' for more information.*

What might I get back?

- You'll get back the value of the bond at the time you decide to cash it in.
- The value will depend on several things. For example, how long you invest for, how well the investments perform, our charges and what withdrawals you take. We don't guarantee the value as it can go up and down.
- Please see your illustration for an idea of what you might get back.

Can I take money out?

- You can cash in your bond in full.
- You can cash in your bond in part (minimum £250 each payment) provided the cash-in value left isn't below £2,000.
- You can take regular withdrawals. You choose how much (minimum £40 each payment) and how often (every month, quarter, four months, half-year or year) you want us to pay the money to your bank or building society account. We'll stop the withdrawals if the cash-in value left falls below £2,000.

- Whenever you take money out, the value of your bond and the guaranteed minimum payment on death will reduce.
- If you cash it in during the early years you may get back less than you've paid in.
- We may make a charge if you cash in all or part of your bond within five years of making an investment. We call this a discontinuance deduction. *Please see page 3 for more information.*
- We give example cash-in values in the illustration.

What happens to the bond if I die?

- If you set up the bond on your own life and you die, we'll pay the death benefit and the bond will then end.
- You can set up the bond on two lives, so it continues after the first death. We'll pay the death benefit on the second death only and the bond will then end.
- If you write the bond in trust, we'll pay the death benefit to the trustees.
- The death benefit is 101% of the value of the bond on death or the guaranteed minimum payment on death if higher.

Where is my payment invested?

- If you are aged 69 or under and invest £20,000 or more, we'll invest all your payment in the funds you choose. If you invest less than £20,000 or are aged 70 to 74, we'll invest part of your payment in the funds you choose and use part to cover charges.
- We offer a range of funds managed by our investment specialists, F&C Asset Management plc. We also offer the opportunity to invest in funds managed by other management companies, including Multi Manager Funds. You can invest in up to 10 funds at any one time. *Please see the Protected Investment Portfolio Bond Brochure (XINV25/B) for more details.*
- The Protected Investment Portfolio Bond is a unit-linked bond. We divide each fund into units and your payment buys units in the funds you choose. The price of a unit depends on the value of the investments in the fund.

- We work out the value of your bond based on the total number of units you have in each fund. If the unit prices go up and down, so will your bond value.
- If you cash in your bond in full or part, or take regular withdrawals, we'll cash in units to make the payments.
- If you want to, you can switch between funds. The first 12 switches in each bond year currently are free. We charge £15 for each extra switch.

What are the charges?

- We charge for managing your bond and the investments. We take the charges in the following ways:
 - as a deduction from your payment of up to 2.5% if you are aged 70 or over, or if you invest less than £20,000. If you are aged 69 or under and invest £20,000 or more there is no deduction
 - as an annual management charge out of your unit value over the lifetime of your bond. *Please see the Protected Investment Portfolio Bond Brochure (XINV25/B) for more details.*
 - as a discontinuance deduction from your unit value (we only take this if you cash in units within five years of making an investment).
- We take part of the annual management charge by cancelling units monthly at a rate of 0.5% a year and the balance from the individual funds before we work out the unit prices.
- We express the discontinuance deduction as a percentage of the value of units you cash in:

Year units cashed in:	1	2	3	4	5
Deduction (%):	8.5	7	5.5	4	2.5
- In any bond year, you can take regular or occasional withdrawals up to 7.5% of the payment into your bond without incurring this deduction. If applicable, the deduction we take will be based on the value of units we cancel to pay the additional amount that is in excess of your allowance. The value of units cancelled includes an amount to cover the discontinuance deduction.

- Your illustration shows our charges and the effect charges and expenses have on reducing the value of your bond over its lifetime.

What about tax?

- We pay tax on income and capital gains within the funds.
- Under current tax rules, you're not liable to basic rate income tax or to capital gains tax on your bond.
- When you cash in some or all of your bond, or take regular withdrawals, you may be liable to higher rate tax. If you receive age-related personal allowance or tax credits they could be reduced.
- If you die, your personal representatives could be liable for the higher rate tax. The proceeds will form part of your estate for inheritance tax purposes. You can set up your bond in trust to help in inheritance tax planning.
- Tax rules may change.

Can I change my mind?


- You have the right to change your mind. We'll remind you of this right by post when we set up your bond. You can cancel your bond up to 30 days after you get our reminder.
- If you decide you don't want the bond, let us know in writing within the 30 days and we'll give you your money back less any fall in the investment value.
- The easiest way to cancel is to complete the 'Cancellation Form' we send you with the reminder and return it to us. Or you can write to us at Friends Provident, PO Box 1550, Salisbury SP1 2TW but please remember to include your full name and address and state that you wish to cancel your Protected Investment Portfolio Bond.
- If you don't cancel within the 30 days, your bond will continue as set out in these key features and the terms and conditions.

How will I know how my bond is doing?

- We'll send you a yearly statement to show how your bond is doing.
- You can also:
 - ask for an up-to-date statement at any time
 - see how the funds are performing on our website at www.friendsprovident.com/customer/fundcentre
 - see the latest value of your bond online by registering on our website at www.friendsprovident.com

How to contact us

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions, you can phone us, send a fax or e-mail, or write to us.

 Call us on **0870 607 1352** at the following times:
Monday to Friday between 8am and 8pm
Saturday between 9am and 1pm.

We may record calls to improve our service.

 Fax us on **0870 531 4151**

 e-mail us at
customer.services@friendsprovident.co.uk

 Write to us at **Friends Provident, PO Box 1550,
Salisbury SP1 2TW**

- To cash in part or all of your bond, to set up regular withdrawals, or switch from one fund to another, please write to us at the address above.

Other information

How to complain

- Please write to our Customer Relations Manager at Friends Provident, PO Box 1550, Salisbury SP1 2TW. If you're not satisfied with our response you can contact:

Financial Ombudsman Service (FOS)

South Quay Plaza

183 Marsh Wall

London

E14 9SR

Telephone 0845 080 1800

Website: www.financial-ombudsman.org.uk

- Making a complaint won't affect your legal rights.

Terms and conditions

- This leaflet sets out the main points about the Protected Investment Portfolio Bond. It doesn't include all the definitions, exclusions, terms and conditions.
- If you would like a copy of the full terms and conditions please ask your financial adviser or contact us direct.
- We have the right to change some of the terms and conditions. We'll write and explain if this happens.

Law

- The law of England and Wales will apply unless your bond documents show otherwise.

Language

- Our bond documents and terms and conditions are in English and all our other communications with you will be in English.

Compensation

- If a financial adviser recommends this bond, you have a legal right to compensation if the Financial Ombudsman Service decides it wasn't suitable for your needs at the time.
- You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It will depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Services Authority or from the Financial Services Compensation Scheme.

About Friends Provident

- Friends Provident Life Assurance Limited's main business is providing life assurance and protection products. It's entered on the FSA Register, number 110413.

Friends Provident Life Assurance Limited

Registered and Head Office: Pixham End, Dorking, Surrey RH4 1QA

Incorporated company limited by shares and registered in England number 782698

Authorised and regulated by the Financial Services Authority

www.friendsprovident.com Telephone 0870 608 3678

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