



MGM INVESTMENT PORTFOLIO BOND

Key features



The MGM Investment Portfolio Bond Key Features

Set out in this key features document is the basic information you need to know about the MGM Investment Portfolio Bond. It is important that you read this as well as your Personal Illustration, which is enclosed.

If you are unsure about anything, please ask your financial adviser.

What is the MGM Investment Portfolio Bond?

The MGM Investment Portfolio Bond is a whole of life, unit-linked life assurance contract.

It is taxed as a non-qualifying life assurance policy, and is issued as a group of identical policies to offer increased flexibility and tax efficiency.

It can, if appropriate, be written under trust.

Its aims

- To provide you with the opportunity for capital growth over the medium to long-term, say five to ten years.
- To offer a comprehensive range of investment funds, enabling you to create an investment portfolio to meet your needs.
- To provide a choice of charging structures, enabling you to choose one which best suits your needs.
- To provide both capital growth and regular withdrawal options.
- To provide flexibility to enable you to adapt your investment as your needs change.

Your commitment

- You will need to make a lump sum investment into your Bond.
- You will need to be prepared to leave your Bond to grow for a reasonable amount of time, say five to ten years.
- With your financial adviser, you will need to choose the charging structure most suitable for you.
- With your financial adviser, to choose the investment fund or funds that meet your needs.

Risk factors

- The value of your Bond will depend on the investment performance of the funds selected which may be better or worse than you expect.
- The value of your investment can fall as well as rise, particularly in adverse investment conditions, and you may not get back the full amount of your investment.

- If you take withdrawals which exceed the rate of growth of your Bond, those withdrawals will eat into your capital.
- If you cancel your investment during the statutory cancellation period, the amount you receive back may be lower than your initial investment if there is a fall in the value of your selected funds before we receive your Cancellation Notice.
- If your circumstances change you may need to cash in all, or part of your Bond. If you do so during the first five years, and have invested in the "Enhanced Allocation" or "Establishment Fee" charging structures, there will be an early encashment charge on the amount withdrawn.
- Our expenses, and hence the charges we make, may be higher than expected which will reduce the overall return.
- The laws or the taxation rules that affect us or this Bond could change. This may result in us altering the terms of this Bond or deducting units to pay for a financial liability.
- If you invest in the MGM Property Fund or invest over £250,000, there is a possible waiting time to allow the assets to be bought and sold and, in respect of property, this delay may be of up to six months if you wish to switch or request a withdrawal from your investment.
- If you invest in the MGM Bonus Growth Fund, in certain circumstances we may apply a "Market Value Reduction" which will reduce the cash value of your investment.
- Also, if you invest in the MGM Bonus Growth Fund, the returns you get may be affected by how much profit or loss MGM Assurance makes, which is affected by the results from other business written through the Society.

How does it work?

Your lump sum will be invested in one or more of MGM Assurance's investment funds. You can choose the funds in which to invest and our chosen fund managers will actively manage those funds on your behalf, seeking opportunities for capital growth. Details of the funds are available in the Fund Portfolio Brochure.

When you apply for your Bond, you should also consider whether or not you wish to set up a regular withdrawal facility when your Bond starts. If you do not need to take regular withdrawals when your Bond starts, we will allow you to add it later.

The Bond also provides life assurance protection with a lump sum benefit becoming payable on the death of the life assured. If there is more than one life assured, this benefit will become payable on the death of the last surviving life assured.

You can also add to your Bond by making additional lump sum investments at any time.

Will your investment work out exactly as in your illustration?

This depends on how much your selected fund or funds grow over the time you are invested in the Bond. It is very unlikely that the plan will work out exactly as shown in the example.

The following are the key factors that will affect the growth of your Bond.

- Investment performance.
- Our charges may turn out to be different from those expected.
- Tax rules may change.

When can you take your money out?

You can take money out of your Bond in one of two ways.

Firstly, you can arrange for us to pay regular withdrawals directly into your UK bank account. You can take up to 5% per annum of your initial investment each year without any charge. If you invest in the MGM Bonus Growth Fund, we reserve the right to apply a Market Value Reduction (MVR) on any regular withdrawals taken if these withdrawals are set up 12 months or more after your policy starts, and an MVR is in force at that time.

Secondly, you can cash in the whole or part of your investment at any time by writing to MGM Assurance. Lump sum withdrawals are subject to a minimum amount remaining invested in your Bond. If you cash in all or part of your investment during the first five years, there will be a penalty charged on the total amount withdrawn if you have chosen either the Enhanced Allocation or Establishment Fee charging structure.

As noted above, if you choose to cash in Property Fund units there may be a delay of up to six months to redeem the underlying assets.

Why does MGM Assurance deduct charges?

We will deduct charges from the Bond to pay for the cost of setting it up, the advice you receive, the ongoing cost of administering it and the professional investment of your chosen fund(s) during the Bond's lifetime.

Your questions answered

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What are your cancellation rights?

Immediately after your Bond has commenced, you will receive a notice of your right to cancel. On receipt of that notice, you will have 30 days in which to decide whether you wish to continue with the Bond. If you decide to cancel, you must do so before the end of those 30 days by signing and returning the letter entitled "Your right to change your mind" to:

MGM Assurance

MGM House
Heene Road
Worthing
West Sussex BN11 3AT

If you exercise your right to cancel your Bond, you may not receive a full refund of your investment if the value of the units in your chosen fund(s) have fallen during the cancellation period. In these circumstances, an amount equal to that fall in value will be deducted from any refund.

What are the minimum and maximum investment amounts?

The minimum initial lump sum you can invest is £5,000. The normal maximum initial lump sum that can be invested is £2,000,000. The minimum additional lump sum you can invest is £1,000.

How do the investment funds work?

Full details of our investment funds, with a description of their aims, are found in the MGM Fund Portfolio brochure, which you should read in conjunction with this document. If you are considering investing in our Bonus Growth Fund, you should also read the "Your Guide to the MGM With-Profits Fund" document.

Your lump sum investment will be used to buy units within the fund(s) of your choice. Units are notional shares in the fund(s) and are used to calculate the

value of your Bond. Every working day, we calculate the value of our funds and quote the unit prices. Two prices are calculated – the "offer" price and the "bid" price. The difference between them is the "bid-offer" spread, which is how we apply an initial charge if one applies on the charging structure you select.

Can you alter your investment choice?

It is important to bear in mind that your investment objectives may well change over time. To take that into account, we enable you to manage your investment by using our switching facility. This enables you to switch your choice of investments between any of our funds. Full details of all the funds are given in the MGM Fund Portfolio brochure.

We do not currently make any charge under this Bond for switching investments between different funds, although we do reserve the right to apply one in future. For switches of larger investments of over £250,000 we may need to sell assets in the funds. There may therefore be a delay of up to 5 days in the transaction to look after the interests of all investors in that fund. Switches from the Property Fund may also be subject to a delay of up to six months.

Can you share your investment with someone else?

You can have a joint Bond with a spouse or partner. It will be arranged so that if one partner dies, the survivor will continue to enjoy the benefit of the investment.

What happens if you die?

If you die, (or the survivor in a joint life investment dies), MGM Assurance will pay a sum equal to 101% of the value of the units in your investment at the time of death.

If you switch into the MGM Bonus Growth fund at any time after having reached the age of 80 (or if the youngest life assured is aged 80 or over in the case of a joint life Bond), the proportion of the death benefit in respect of your investment in that fund will be reduced by any Market Value Reduction that might apply at the time of the benefit being paid.

Will you have to pay any tax?

MGM Assurance will be liable for tax on the gains and income generated from the investments held by each fund, and the unit prices will reflect the provision we make for such taxation. The proceeds from your Bond will normally be paid free of UK basic rate income tax and capital gains tax. You may be liable to the difference between higher and basic rate income tax on any investment gain if you are a higher rate taxpayer at the time you take any such gain.

You can withdraw up to 5% of your initial investment, each full year the Bond is in existence, up to a maximum of 20 years without incurring any personal liability to UK income tax or capital gains tax at the time. However, if withdrawals exceed the 5% allowance, higher rate taxpayers will be liable for the difference between the higher rate and basic rate of income tax on the excess over 5%.

If you are entitled to Age Allowance, the annual amount of withdrawals paid may reduce your entitlement to Age Allowance if it exceeds 5% in any one year of the original amount invested.

When the Bond ends, following the payment of the surrender value, as long as you remain liable to UK income tax at the basic rate only, you will have no further liability to UK income tax or capital gains tax. However, your entitlement to Age Allowance may be affected.

When the Bond ends, the amount chargeable to UK income tax will be the sum of the surrender value and all previous 5% income withdrawal payments less the amount(s) invested and any previous investment gains.

The MGM Bonus Growth Fund

One of the attractions of investing in the MGM Bonus Growth Fund is that the value of its units under normal circumstances do not fall. However, it is possible that the value of the assets that we manage in the fund may fall to a level below the total value of all the units in the MGM Bonus Growth Fund. An example is that in times of severe market adversity, it is not uncommon for investors to “panic” and sell their investments. We may then need to reduce the value of your Bond in so far that it reflects your actual share of the assets in the fund should you wish to cash in all or part of it at that time, in order to leave sufficient funds to ensure that the remaining policyholders are treated fairly.

This is called a “Market Value Reduction”. Further details can be found in our document “Your Guide to the MGM With-Profits Fund” and our Principles and Practices of Financial Management. Both are available on request or through our website.

We will not levy a MVR on death where lives assured were aged 79 and under at the start of the policy, or on regular automated withdrawals of up to 5% of the initial investment each year, unless withdrawals are set up 12 months or more after your policy starts and an MVR is in force at that time.

Charges

The Investment Portfolio Bond offers you a choice of three different charging structures.

1. Enhanced Allocation:

This charging structure increases the amount allocated to your selected investment funds and is designed for investors who do not expect to need access to their investment in the first five years.

2. Penalty Free:

This charging structure enables you to access all of your investment at any time without incurring any early encashment charges.

3. Establishment Fee:

This charging structure is again designed for investors who do not expect to need access to their funds in the first five years of the investment, but replaces the usual bid/offer spread with an establishment fee, which is deducted from the bond every month for the first five years.

Details of the charging structures are shown in the table below:

There is also an annual management charge to pay for the management of the funds. This is calculated and applied daily, and reflected in the unit prices we publish. The charge for the MGM Bonus Growth Fund is taken into account when we determine the rate of bonus to be paid.

Details of the charging structures are shown in the table below:

Charging Structure	Premium	Allocation Rate	Bid/offer spread	Loyalty Bonuses after 7 and 10 years	Establishment fee in first 5 years**	Early encashment charge (%) in year.				
						1	2	3	4	5
Enhanced Allocation	£50k +	103.5%	5%*	0.5%	Nil	10	8	6	4	2
	£15K - £49,999K	102.5%								
	Less than £15k	101.5%								
Penalty Free	£50k +	99.5%	5%*	2.5%	Nil	Nil				
	£15K - £49,999K			2.0%						
	Less than £15k			1.5%						
Establishment Fee	£50k +	100%	Nil	2.5%	0.09%	10	8	6	4	2
	£15K - £49,999K			2.0%	0.095%					
	Less than £15k			1.5%	0.1%					

* Plus rounding of up to 1%

** The establishment fee is taken at the start of every month for the first five years

MGM Assurance reserves the right to amend all charges within the term of the policy.

Please note that any additional investments will be treated as new policies in respect of the charges set out above.

Loyalty bonuses

Loyalty bonuses are added to your investment after it has been in place for seven and ten years. These are expressed as a percentage of the value of your bond at the time they are due. Loyalty bonuses in respect of the value of additional investments will arise seven and ten years after these additional investments are made.

Withdrawals

One off withdrawals made in the first five years will be subject to the early encashment charge, if it applies for the charging structure selected. The early encashment charge will not apply to regular automated withdrawals provided they do not exceed 5% of your original investment in any policy year. If regular automated withdrawals exceed this amount, the early encashment charge will apply to the whole withdrawal.

(Regular automated withdrawals are defined as payments set up on our computer system so as to automatically pay the same amount of income via our direct credit payment system to your UK bank account either monthly, quarterly, half-yearly or yearly).

To provide you with added flexibility, we will divide the Bond into a number of identical policies, up to a maximum of 100. The default is 20 policies unless otherwise requested on the application form.

Other information

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What law does the Bond come under?

The policy document sets out the main provisions of the contract between you and MGM Assurance which will be governed by the Law of England and Wales.

The contract is supplied in English. This is also the language in which we will communicate with you during the course of the contract.

What if MGM Assurance becomes insolvent?

If MGM Assurance became insolvent, you may be entitled to help from the Financial Services Compensation Scheme.

Further information is available from the Financial Services Compensation Scheme at www.fscs.org.uk or by phone on 020 7892 7300.

What if you have a query or a complaint?

A copy of the **MGM Assurance** complaint handling procedures is available on request from the following address:

MGM House,
Heene Road,
Worthing
West Sussex BN11 3AT
England

or call on 01903 836067

or e-mail customercentre@mgm-assurance.co.uk

If you feel that we have not dealt with your complaint to your satisfaction, you can then write to the Financial Ombudsman Service at:

South Quay Plaza
183 Marsh Wall
London E14 9SR

or call on 0845 080 1800

Making a complaint will not prejudice your right to take legal proceedings.

Important notes

Full details of the terms and conditions are contained in the **Policy Document**, which is available on request. Where interpretation is necessary, the provisions in the policy override statements in this leaflet.

This information and policy are available in large print, Braille or audio cassette on request.

Marine and General Mutual Life Assurance (MGM Assurance Society) are entered on the Financial Services Authority's (FSA) Register under number 110395;

MGM Home Finance PLC are entered on the FSA Register under number 302055.

You can check these details by visiting the FSA's website at www.fsa.gov.uk/register or by contacting the FSA on **0845 606 1234**.

Please note, that should you deal with an Appointed Representative of **MGM Assurance or MGM Home Finance** at a distance, for example by post or telephone, there will be no additional costs for using this method of communication.

Telephone calls may be recorded for training and quality monitoring purposes. **MGM Assurance Group, Marine and General Mutual Life Assurance Society*** Registered no.6c. **MGM Home Finance PLC*** Registered no.2041570. Both are authorised and regulated by the Financial Services Authority. **MGM Assurance (Trustees) Limited*** Registered no.1279948. **MGM Assurance** and the **MGM** logo are Trade Marks of **Marine and General Mutual Life Assurance Society**. All companies registered in England and Wales. *Registered office MGM House, Heene Road, Worthing, West Sussex, BN11 3AT.