

Key features of Investment Control

This is an important document, which you should keep with your personal illustration.

It's important for you to read this document as it gives you the main points about your **AEGON Scottish Equitable Investment Control bond**.

You'll also have a personal illustration with this document, so you can put figures to the benefits you may receive in the future. Please take some time to go through these documents and put them somewhere safe – you may well want to look at them again.

Important note

The following sections describe the full features of our Investment Control bond. When you apply for an Investment Control bond, you can choose our protected investment option. If you do, then please pay particular attention to the 'How does the bond work if I select the protected investment option?' section on page 06. This explains how the terms of your bond would differ from those described below.

This key features refers to our product terms as at January 2008.

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Its aims

- To give growth on your lump sum investment by investing in a range of funds.
- To give you a tax-efficient way of making monthly, quarterly, half-yearly, yearly or one-off withdrawals.
- To give you the option of guaranteeing to return to you at least as much as your original investment, less any withdrawals from day one on death and from year five on cashing your investment in.

Your investment

- You can invest a lump sum of £5,000 or more.
- You should view Investment Control as a medium- to long-term investment.
- It has no fixed term.

Risk factors

- What you get back can't be guaranteed and depends on the performance of the funds you've chosen. Investment performance may go down as well as up.
- You may get back less than the amount shown in your personal illustration if, for example:
 - investment growth is less than that assumed in the illustration
 - you withdraw more than shown in the illustration
 - our charges increase above those in the illustration
 - we'll write and tell you if this happens
 - we apply a smoothing reduction on withdrawal from any with-profits fund. You can find more details in the guide to investing in our with-profits funds which you should get with this key features
- If you decide to cancel, and in the time you've been invested the value of your investments has fallen, you may not receive back the full amount you paid in.
- Legislation may change and this may affect the tax status of your bond.
- We can defer any switch or cash-in (of units) for up to a month. However, this can be extended up to a year if you're switching or cashing in:
 - units of the Property fund
 - units of a fund that's fully or partly invested in real/heritable property, for example land, buildings and leaseholds

Questions and answers

What is Investment Control?

It's a single contribution, unit-linked investment bond, issued as a number of identical policies for flexibility and tax efficiency. The minimum number of policies is one and the maximum is 99.

The protected investment option guarantees you your money back:

- on death from day one, and
- on cash-in after five years

Who's eligible for Investment Control?

The bond can be set up by up to four people, by a company or by trustees of a trust. The bondholder must be at least 18 years of age.

The bond can be set up to cover more than one person. By doing this, the bond can continue until the death of the last person covered. We call the people covered by the bond the lives assured. The lives assured must be between age 1 and 85 on their next birthday.

If you choose the protected investment option, the lives assured must be between age 1 and 75 on their next birthday.

How flexible is it?

- You can add additional amounts of £500 or more at any time.
- It doesn't have a fixed term, so you can leave it invested for as long as you want or cash it in at any time.
- You have access to a wide range of funds. You may split your investment between these funds at the start or switch into them at any time during the lifetime of your bond. At least £250 has to be invested in each fund. **If you select the protected investment option you can choose from eight different portfolios and our Cash fund.**
- You can make withdrawals from your bond at any time (providing you leave at least £250 in each fund you're investing in within the bond).

What might I get back?

The amount you get back isn't guaranteed and will depend on several factors, such as:

- how much you invest
- how long you invest for
- the performance of the funds you've chosen
- for investments in any with-profits fund, if appropriate, any smoothing increase or reduction which we apply to your bond
- our charges and any withdrawal charges we may apply
- the amount you withdraw

Your personal illustration gives you an indication of what you could get back.

Remember: if you've selected the protected investment option read our section 'How does the bond work if I select the protected investment option?' on page 06.

Can I take money out?

You can take money out at any time, but this will lower the value of your bond. You can make regular withdrawals, one-off withdrawals or fully cash in your bond.

You can make regular withdrawals monthly, quarterly, half-yearly or yearly – either from the start of your bond or at any point later. The minimum monthly withdrawal is £40. For all other regular withdrawals, the minimum is £100. We'll make the payments direct to your bank account.

The minimum one-off withdrawal is £250. The maximum you may take out depends on the value of your bond at that time. You must leave at least £250 invested in your bond if you want it to continue.

How and where is my money invested?

The amount we invest depends on the charging structure you and your financial adviser choose. Please see your personal illustration for more details.

You may choose from a wide range of funds, including our own internal funds and a range of externally managed funds.

You can find details of the funds you've chosen in your personal illustration. Please bear in mind that each fund has different aims. If you'd like details of all the other funds available, please speak to your financial adviser.

If you invest in one of our with-profits funds and you withdraw the money, we may have to reduce the value of your fund by what we call a smoothing reduction. This adjustment is to make sure that investors receive a fair share if they leave with-profits funds and to protect the interests of the continuing investors. You can find more details in our guide to investing in our with-profits funds, which you get with this key features document.

You may switch between funds at any time. We don't make any charge for switching funds.

What happens to my bond if I die?

If additional people are covered, the bond can continue until death of the last person covered.

If you're the last person covered, we'll pay a cash sum of 100.1% of your cash-in value including any smoothing adjustments for With-profits Growth or With-profits Cautious funds.

If you select the protected investment option, what we pay out on death of the last life assured is different. Please see the question 'How does the bond work if I select the protected investment option?' later in this section.

If you've set up the bond under trust, it will continue under the ownership of the trustees, or they'll receive the death benefit payment.

There are a number of trusts available which may help you minimise your tax liability. Your financial adviser will be able to explain which of these matches your requirements.

What are the charges?

We charge for managing and administering your bond. We take these and any other charges by making deductions from your bond. How much these deductions are depends on how much you invest and how much commission we pay your financial adviser. You can find more details in your personal illustration.

If you choose the protected investment option there's an additional fee. Please see the 'How does the bond work if I select the protected investment option?' question later in this section.

We may apply a charge if you make a withdrawal in the early years. If we do, we'll show this in your personal illustration.

Each investment made into your bond will have its own charging period and structure. This means if you make additional investments into your bond, each one will have its own charges applying to it. For example, if you select to pay an establishment charge for five years on your investments, this five-year period is for each investment.

What about tax?

The tax rates for any gains on your bond are 20% for basic rate taxpayers and 40% for higher rate taxpayers.

We pay income and capital gains tax on the funds you invest in. Because of this:

- if you're not a higher rate taxpayer you won't have to pay tax on the gains from your bond. However, you can't claim back any tax we've already paid, even if you're a non-taxpayer
- if you are a higher rate taxpayer, or if the gain divided by the number of years you've owned the bond takes you into the higher rate, you'll have to pay the difference between the lower and higher rates that apply to the bond – currently 20%

Chargeable gain

You may be liable for income tax if a chargeable gain arises on your bond. Among other things, this could happen when you cash in the bond or if you withdraw more than 5% of the initial investment. If you don't use your full allowance one year, you can carry the remainder forward to use in following years.

If there's a chargeable gain, it will be included in your taxable income. If you qualify for income tax age allowance, a chargeable gain may, in some circumstances, increase the tax you pay on your other income. Also, a chargeable gain may affect your entitlement to children's tax credits and other means-tested tax credits and benefits.

Your financial adviser can give you more information on chargeable gains.

Inheritance tax

If you didn't set up the bond under trust, it will form part of your estate on your death and may be liable for inheritance tax.

If you've set up the bond under trust, the issue of whether the bond forms part of your estate and how much is liable to inheritance tax depends on the type of trust and when you set it up. Please ask your financial adviser for more information.

Legislation may change and this may affect the tax status of this bond.

Any reference to taxation in this document is based on our understanding of current taxation law and practice in the UK. The value of tax relief you'll get depends on your financial circumstances.

Can I change my mind?

Yes. After you've invested, you have 30 days to change your mind. We'll send you a *Cancellation notice* telling you of your right to change your mind and how to cancel your bond. If you decide to cancel, we'll give you your money back. This may be less than you invested if the value of the underlying investment has fallen during this time.

How will I know how my bond is doing?

We'll send you a statement each year telling you the current value of your bond. You can also get details of your bond, including its current value, online at www.aegonse.co.uk with our Bond View facility. You'll need a username and password to access this secure service, we'll send you this once you take the bond out.

To find out how our funds are performing, you can check prices daily on the fund pages of our website at www.aegonse.co.uk.

How does the bond work if I select the protected investment option?

- For an additional cost, based on the funds you choose, we guarantee that on the death of the last person covered, we'll pay your initial investment less any withdrawals taken, or 100.1% of cash-in value, whichever is higher.
- If you cash in your bond after you've had it for five years, we'll pay your initial investment less any withdrawals taken, or the current cash-in value of your bond, whichever is higher.

Then from the tenth anniversary of each investment, and every five years after that, we'll review your fund value. If it's more than the amount you've invested less any withdrawals, we'll set this as the new higher guaranteed amount.

Please note: with the protected investment option:

- withdrawals are limited to 7.5% a year, if you want to withdraw the money over all the policies of your bond
- maximum investment is £1 million
- maximum age of persons covered is 75
- each investment made into the bond will have its own guarantee period
- if you withdraw money from your bond this will decrease the amount we pay you back

You can find full details of our protected investment option in our brochure *Your guide to Investment Control*.

How to contact us

If you want any more information on your bond, or have any other general questions, you can phone us, write to us or email us.

0845 61 000 10
Monday to Friday
8.30am to 5.30pm

Fax: 0131 549 4220

Individual Contact Helpdesk
[AEGON Scottish Equitable](#)
Edinburgh Park
Edinburgh
EH12 9SE

enquiries@aegon.co.uk

We may record and monitor any calls for security purposes, to help improve our service and to resolve any complaints.

If you want to make an additional investment or a one-off withdrawal, switch funds or cash in your bond, please speak to your financial adviser first, as we're not allowed to give financial advice, only information.

Other information

How to complain

We hope you never have to complain, but if you do, the first step is to write to us. If you're not satisfied with our response, you can raise the issue with:

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

0845 080 1800
www.financial-ombudsman.org.co.uk
enquiries@financial-ombudsman.org.co.uk

Referring the matter to the Ombudsman won't affect your right to take legal action later on.

If you'd like a copy of our complaints procedures, please ask us, or you can download it from the 'Contact us' section of our website at www.aegonse.co.uk

AEGON Scottish Equitable

AEGON Scottish Equitable is a trading name of Scottish Equitable plc. We've been part of the AEGON Group since 1994, linking Scottish Equitable's 175 years of experience in the UK's pensions, annuities, investment and protection markets with AEGON's global strength.

The AEGON group is one of the largest insurance companies in the world, with assets under management of around €368 billion (£248 billion) (including all revenue-generating investments).

Scottish Equitable plc is on the Financial Services Authority (FSA) register (No. 165548).

Special risks

In this document, we've clearly highlighted any risks associated with taking out this AEGON Scottish Equitable product.

Time limits

We'll let you know of any time limits that may apply and that aren't covered here or in your personal illustration.

Once you've completed the relevant application forms, you must let us know if there are any changes in your circumstances between then and the date your bond starts.

Terms and conditions

This document only gives you a summary of the features of Investment Control. You can find full details in your policy conditions booklet. We'll write and let you know if there are any changes to the terms and conditions of your bond.

Law

If, when the contract starts, you live in the UK, then the applicable law is the law of that part of the UK where you live. Otherwise, Scots law will apply. The applicable law can only be changed if both you and Scottish Equitable plc agree.

Communication

Our contract with you is in English and any communication about it will be in English.

Compensation

If a financial adviser recommended this bond to you, you may have a legal right to compensation if it's established that the recommendation was unsuitable when it was made.

The Financial Services and Market Act 2000 covers your bond. If you need information on compensation arrangements, please ask us. If you need any further information, you can get it from the Financial Services Authority or the Financial Services Compensation Scheme.

customer impact

Meeting the customers' needs by putting them at the heart of our industry

We're determined to treat you fairly and communicate clearly with you at all times.

As well as following the Financial Services Authority's Treating Customers Fairly principles, we're fully signed up to the Association of British Insurers' Customer Impact scheme.

Both of these cover how products are designed and marketed, and ensure we deal fairly with all claims and payments.

As part of the Customer Impact scheme, we publicly commit to putting customers at the core of our business and must show how we're achieving this.

For more information visit: www.aegonse.co.uk/customerimpact