



Key Features.
All in the spirit of openness.

Key Features of the Riley bond.

With Riley, we will be open and transparent in all we do. To help you fully understand the Riley bond, this Key Features document gives you the main points you need to know about your investment.

Please read this carefully, together with the enclosed leaflet '*Charges for investing in Riley*' and your personal illustration that shows what you might get back. Then keep all three with your Riley bond documents.

ITS AIMS

To invest in the stockmarket whilst protecting the value of your investment at a level you choose, the protected amount, and date of your choosing, the insured date.

To let you lock in gains as they are earned if you want to.

To build up a fund on your insured date and to let you access that fund at any time.

YOUR COMMITMENT

You agree to invest at least £10,000.

You intend to hold your investment for at least five years.

RISK FACTORS

Investment growth may be lower than we assumed in your personal illustration. The value of your bond can go down as well as up.

Charges taken from your bond may be higher than those assumed in your personal illustration.

If you cash-in your bond before your insured date you may get back less than you paid in.

If you take regular withdrawals from your bond that exceed the growth in your investment, the value of your investment will be reduced.

If you choose to protect some or all of your investment, less will be invested in the stockmarket and in the event of a rise your gains will be less than if you had chosen not to protect your investment.

Your bond does not protect you from the effects of inflation which will reduce the purchasing power of your investment over time.

We will protect your investment by putting some of your money into an Insurance Fund. The Insurance Fund holds protection contracts issued by Goldman Sachs. If they are unable to meet their obligations on the assets held in the Insurance Fund you may receive less than your protected amount.

You may also get back less than your initial investment if you decide to specify a protected amount which is lower than your initial investment.

The details shown are based on our understanding of current taxation law and practice. These may be affected by future changes in legislation and the individual circumstances of the investor. Tax is payable on any gains and in some circumstances could reduce the cash-in value below the protected amount.

If you cancel your bond during the 30-day cancellation period and the value of the bond has fallen during this time, you may not receive a full refund.

YOUR QUESTIONS ANSWERED

What is Riley?

Riley is a unit-linked bond that gives you the potential to participate in stockmarket returns while giving you the option to protect your investment at a level, and time, to suit you. Riley is provided by Royal London and is serviced by Scottish Life, a division of Royal London.

What are the benefits of the bond?

The bond allows some of your investment to participate in the potential of the stockmarket. It also allows you to set a protected amount so that on a date of your choosing your bond will be worth at least your protected amount. So you can protect the value of your initial payment if you choose a protection level of 100% or greater.

How is my money invested?

After deducting charges we will invest most of your money in your choice of Stockmarket Fund. You can invest in both Stockmarket Funds and if you do there is a separate protected amount for each Fund. Should you choose to protect some or all of your investment we will put a portion of your money into an Insurance Fund. The amount allocated to each fund at any time will depend on the amount invested, the Stockmarket Fund chosen, the protected amount selected, the period of time to the insured date and the current cost of providing insurance. Your adviser will be able to provide the split between the Stockmarket and Insurance Fund based on that day's cost of insurance. However we will not know the actual split until the day after you invest.

Is all of my money invested?

No. Some of your money will go towards meeting our expenses. These include administration expenses and any commission that we pay to your financial adviser.

Can I switch between funds?

Yes, you can switch between the two Stockmarket Funds available provided you switch at least £250. We don't charge for the first switch in any year but after that we charge £20 which we will deduct from the value of your bond.

What is the value of my bond?

The gross bond value is the value of your holdings in the Stockmarket and Insurance Funds. The net bond value is the gross bond value less any deduction for tax. The cash-in value of your bond is the net bond value less any exit charges.

How can I get my money back?

You may cash-in your bond in whole or in part at any time, subject to a minimum cash-in value of £500, by giving written instructions. You should note that there are exit charges if this is within the first five years of making an investment. If you cash-in part of your bond you must leave at least £2,500 invested in the bond. For a total cash-in we will pay you your cash-in value. This will include any deductions for tax and exit charges.

You can also choose to receive regular withdrawals from your bond. The minimum is £50 and may be made monthly, quarterly, half-yearly or yearly. They cannot exceed 5% a year of either your initial payment or your gross bond value and you must leave at least £2,500 invested in your bond.

Am I guaranteed to get all my money back?

No. There are a number of circumstances under which you may get back less than you invested and these are detailed in the 'Risk Factors' and 'How is my bond taxed' sections.

How will I know how my bond is doing?

We'll send you an annual statement to show how your bond is doing. You can get an up-to-date valuation of your bond at any time from our customer helpline on 0870 606 2000 or you can get this information online at www.thelifeofriley.co.uk

What is a profit review level?

You can set a profit review level and we will tell you if the cash-in value of your bond reaches a certain level. We review your bond each quarter and we will contact you if its cash-in value has reached your profit review level at that time. You can then decide whether to increase your protected amount and lock in some or all of your gains. Any increase will be subject to a charge. We will only contact you the first time the profit review level is reached.

How are the Insurance Fund benefits provided?

We purchase a specific combination of protection contracts from Goldman Sachs for each investor. These contracts are the assets within the Insurance Fund and can be traded and valued daily in much the same way as stocks and shares within the Stockmarket Fund.

What are the limits on the protected amount?

The amount you can protect at the start depends on the term to your insured date and is a percentage of the initial amount invested as noted in the below table.

Term to insured date (complete years)	5	6	7	8	9	10
Maximum protection amount	100%	102%	104%	106%	108%	110%

After commencement you can protect up to either the Gross Bond Value or a percentage of the cash in value as noted in the table below.

Term to insured date (complete years)	1	2	3	4	5	6	7	8	9	10
Maximum protection amount	100%	102%	104%	106%	108%	110%	112%	114%	116%	118%

These limits may be changed from time to time. Any increase will be subject to a charge.

You may set the protected amount to be as low as zero, providing no protection at all.

What are the consequences of setting a high protected amount?

A higher protected amount means we will allocate more of your money to your Insurance Fund rather than to your chosen Stockmarket Fund. Consequently your Stockmarket Fund will need to grow more for it to be worth more than your protected amount, and the potential total return will be lower than it would have been had you selected a lower or zero protected amount.

Also, if there is no growth or even modest growth in the Stockmarket Fund you are likely to receive only your protected amount. You can find further details on setting and changing your protected amount in the accompanying leaflet 'Choosing your protected amount'.

How will charges affect my protected amount?

Your protected amount will not be affected by charges. When we calculate the allocation between the Stockmarket and Insurance Funds we take into account the level of charges that will apply during the period to your insured date.

How will withdrawals affect my protected amount?

Each time you take a withdrawal from your bond we will reduce your protected amount by the same percentage as your withdrawal. For example, your protected amount is £15,000 and your gross bond value is £14,000. A withdrawal of £700 represents 5% of your gross bond value. Your protected amount of £15,000 is also reduced by 5% to £14,250. The same principle applies to any partial cash-ins.

What are the limits on the insured date I can select?

Your insured date can be any time from five up to ten years from the date of your initial payment.

Can I change my insured date?

Yes. You can change your insured date subject to certain limits. Currently your insured date must be at least five years from the date of your initial payment and no more than ten years from the date of change. We can change these limits from time to time. We will make a charge for any extension. A shorter term to your insured date means more money is allocated to the Insurance Fund and less is allocated to your choice of Stockmarket Fund.

If you decide to shorten the term to your insured date we will need to review your protected amount to ensure that it does not breach the maximum levels outlined above. If it does we will reduce your protected amount so it is within our limits.

Extending the term to your insured date has no effect on your protected amount although if the new term would allow you to increase it you may wish to do so at the same time.

What happens on my insured date?

We will contact you two months before your insured date. You can choose to cash-in your bond and we will pay you your cash-in value. If you have chosen to set a protected amount we will pay you at least this amount, subject to the risks already outlined in the 'Risk Factors' section.

Alternatively, you can elect to roll over to a new insured date at a further point in the future and you can also change your protected amount and profit review level at that time subject to the limits outlined above. If we receive no instructions from you we will switch your bond to our unit-linked Deposit Fund immediately after your insured date.

What death benefits are payable?

We will cancel your bond and pay your estate 101% of your net bond value.

When you invest in the bond you can choose to include a guarantee that the value paid out on death will be at least equal to your initial payment reduced for any withdrawals and partial cash-ins. The reductions apply proportionately in the same way that the protected amount is reduced. We do not require any medical evidence but there is an additional charge for this option and you cannot choose it at a later date.

How many people can take out a bond?

Up to six people can take out a bond. You can choose the death benefit to be payable on either first or second death of any two lives assured you select, provided there is insurable interest.

Can I split my bond into separate policies?

Yes. You may choose to split your bond into as many as 100 identical policies although it will be administered as a single plan. This can be useful for tax planning and your financial adviser can assist you with this if you wish.

What charges are there on my Riley bond?

Full details of all charges are available in a separate leaflet called 'Charges for investing in Riley'. Please read this leaflet.

Our charges may not stay the same and can be changed in certain circumstances as indicated in the Terms and Conditions booklet.

How is my bond taxed?

Each year we will work out the taxable gain or loss on your bond. The rate of tax that is applied is based on the tax rate applicable to Royal London's policyholder income and gains which is currently 20%. We will show your accumulated tax liability on your annual statement.

Under current legislation there will be no further personal tax liability on the proceeds of your bond if you are a basic rate tax payer. Higher rate tax payers would have a further liability.

ADDITIONAL INFORMATION

Cancellation rights

When your bond starts we will send you a notice of your right to cancel. You will then have 30 days in which to change your mind after receiving these documents. If you cancel your bond during the 30-day cancellation period and the value of the bond has fallen during this time, you may not receive a full refund.

How to make a payment

You can make payments to us by cheque, bankers draft or telegraphic transfer. Please make cheques payable to The Royal London Mutual Insurance Society Limited.

Stockmarket Funds

We offer a choice of two unit-linked funds. Both invest in UK equities and are benchmarked against the FTSE 350 Total Return Index. One is actively managed and the other is a tracker. Dividends paid on these shares are reinvested back into the fund.

The funds will be allowed to invest in other assets including derivatives only for the purposes of efficient portfolio management. If either fund manager is unable to manage the fund within the agreed fund objectives Royal London reserves the right to end the arrangement with that fund manager and appoint a new fund manager.

Both funds will be unitised and have a daily fund price. Your investment in the Stockmarket Fund will buy units using the following day's price. The valuation of your investment in the Stockmarket Fund will be calculated as the number of units you hold in each fund multiplied by that day's unit price and is therefore directly linked to the value of the investments, which can go down as well as up.

Insurance Fund

The Insurance Fund invests in protection contracts which are specific to each investor. The value of your Insurance Fund will depend on the current Stockmarket Fund value, your chosen protected amount, your chosen term to your insured date and the cost of providing insurance.

You should be aware that the Insurance Fund will only cover the difference between your Stockmarket Fund value and your protected amount on your insured date. Before then the combined value of your Insurance Fund and your Stockmarket Fund may be less than your protected amount.

Further Information

For more information on any aspect of the Riley bond, please contact us on 0870 606 2000. This leaflet and the accompanying brochure give a summary of Riley. A copy of the Terms and Conditions booklet, which is the legally binding contract between you and The Royal London Mutual Insurance Society Limited, is available upon request from the address below. Terms and conditions and all communication will be supplied in English.

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About us

Royal London consists of The Royal London Mutual Insurance Society Limited and its subsidiaries. The Royal London Mutual Insurance Society Limited is a mutual company owned by its members. This bond does not give you membership of The Royal London Mutual Insurance Society Limited. Scottish Life is a division of Royal London. We can be contacted at 19 St Andrew Square, Edinburgh EH2 1YE.

Applicable law

English or Scots law will apply to your bond according to the Scottish Life branch that processes your proposal.

Special circumstances

We reserve the right to defer early cashing-in or a switch of investments for up to one month. This would be done in order to protect the interests of other investors in the Stockmarket and Insurance Funds.

If we are required by law to pay any sum from your bond to any Government agency, including in particular the Financial Services Compensation Scheme, we reserve the right to cancel units equal in value to the sum paid.

If it becomes impractical or impossible to give full effect to the terms and conditions, for example because of legislation, we shall interpret them as reasonably as possible in the circumstances.

If any of the above circumstances occur we will keep you fully informed.

How to complain

If you have a complaint against us in connection with your bond please let us know by contacting the Customer Relations Team, Royal London, Royal London House, Alderley Road, Wilmslow, Cheshire, SK9 1PF.

If your complaint is not dealt with to your satisfaction you can then refer it to the Financial Ombudsman Service, South Quay Plaza II, 183 Marsh Wall, London E14 9SR. Telephone 0845 080 1800. This will not affect your rights to take legal action.

Compensation

Your adviser must recommend products that are suitable for you. You have a legal right to compensation if, because of what your adviser recommends, you lose out by buying a product that wasn't suitable for your needs at that time.

If we were to become unable to meet our liabilities under your Riley bond, you may be entitled to compensation through the Financial Services Compensation Scheme. If you would like more information about the compensation arrangements that apply, please ask your financial adviser or contact us direct.

All literature is available in large print format on request to the Marketing Department at Scottish Life, 19 St Andrew Square, Edinburgh EH2 1YE.

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