



## Key Features of the Guaranteed Income Bond

All documentation and communication about your bond will be in English. Phoenix Life Assurance Limited is able to provide literature in alternative formats. The formats available are: large print (as recommended by RNIB), braille, audio tape and PC disk. If you would like to register to receive correspondence in an alternative format please give us a call on 0845 6000 403 and ask for a **'Preferred Communication Request'** form.

The Guaranteed Income Bond is provided by  
Phoenix Life Assurance Limited

Abbey National plc sells Phoenix Life  
Assurance Limited's life and pension products

## Key Features of the Guaranteed Income Bond

The Financial Services Authority is the independent financial services regulator. It requires us, Phoenix Life Assurance Limited, to give you this important information to help you decide whether our Guaranteed Income 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.

The Guaranteed Income Bond is provided by Phoenix Life Assurance Limited. Abbey National plc sells Phoenix Life Assurance Limited's life and pension products, which includes the Guaranteed Income Bond.

### Its aims

- To guarantee to pay you back your original Investment at the end of four years
- To pay you a guaranteed fixed rate of income for four years
- To allow you to choose a fixed monthly, quarterly or annual income.

### Your commitment

- You make a payment of at least £5,000
- You leave your money invested for four years in order to achieve the maximum benefit.

### Risks

- If you cash in your bond at any time after the 30 day cancellation period and before the Maturity Date you are likely to get back less than your original Investment
- A rise in interest rates might make the income rate seem less attractive
- Inflation will reduce what you could buy in the future
- Future changes in legislation or your personal financial circumstances could affect the amount payable or any further tax payable on that amount

If you have any doubt whether the Guaranteed Income Bond is suitable for you, one of Abbey's advisers will be happy to talk to you. You can also talk to an independent financial adviser, but you may need to pay to do this.

**To be read along with the Rate Sheet and Terms & Conditions.**

# Questions and Answers

'We' 'us' or 'our' refer to Phoenix Life Assurance Limited

## What is the Guaranteed Income Bond?

The Guaranteed Income Bond is a single premium life assurance plan. The term of the bond is four years. It works as follows:

- you decide how much you want to pay (you must invest a minimum of £5,000)
- you make your payment during an offer period
- you decide who will be the life assured (you can have one life assured or two lives assured)
- you decide if you wish to take monthly, quarterly or annual income payments
- the bond will end on the earliest of:
  - the death of the life assured
  - surrender
  - maturity
- at maturity we will pay back your original Investment plus any Bonus Amount added on the Commencement Date if you have invested early.

Please read the Rate Sheet, which forms part of this Key Features document, for details of the current income rates available and more information on the bond. If you have already invested in the bond then please also refer to your Certificate of Investment.

## How can I invest?

You can make your payment at any time during the offer period, unless the offer is fully subscribed before the end of the period. Please refer to the Rate Sheet for more details.

The minimum investment is £5,000. There is no maximum (although we may not accept investments over £250,000).

When we receive your completed application (including payment) during the offer period we may, on the Commencement Date, add a bonus to your original Investment for investing early. The Bonus Amount, if any, will depend on the date we receive your completed application and the amount you invest.

The bonus rates that will apply are shown on the Rate Sheet. Your Certificate of Investment will also detail the actual Bonus Amount added.

## Who can own the bond?

The owner of the bond is the person who applies for the contract and normally makes the payment.

You can jointly own the bond with someone else, usually a spouse or civil partner. If one of you dies the survivor will normally be the sole owner of the bond, allowing the investment to continue after the first death.

To be an owner you must, on the date you sign an application form:

- be aged 18 or over
- be below the age of 81, if you are also a life assured
- be 'habitually' resident in the UK (having a UK main home address and UK bank account).

The owner will normally also be the life assured (the person whose life is covered by the bond). However you can also take out the bond with someone else as the life assured provided you can establish an insurable interest with the other person before the bond starts (for example any spouse or civil partner or partner who has a financial interest in your well being).

You can either have one life assured or two lives assured. If the life assured is also an owner they must be aged 18 or over (otherwise no minimum age applies). It is not possible to change the life assured during the term of the bond.

If there are two owners/lives assured the age limits above refer to the age of the younger person.

## What are the income options?

You can decide to take fixed monthly, quarterly or annual income payments from your bond. The income rates and payment dates are shown on the Rate Sheet. Your Certificate of Investment will also give full details of the income option you have chosen.

Please note:

- it is not possible to switch between the income options after the bond is taken out
- one off part payments are not allowed on this bond.

## Questions and Answers continued

### What will I get back if I cash in early?

#### The early years

**Warning:** if you cash in your bond before the Maturity Date, you could get back less than you paid in.

The table below shows what you might get back based on an original Investment of £50,000, with the assumed income rates as shown. The figures assume there will be no change in interest rates during the term of the bond and do not take into account any Bonus Amount for early investment. The last column of each table assumes the underlying investment will grow at 6.55% each year.

Please refer to the Rate Sheet for details of the current income rates available.

#### Monthly income option – example

The table below shows what you might get back if you chose monthly income with an assumed income rate of 5.12% each year.

At the end of year	Investment paid to date	Income Withdrawals	What you might get back
1	£50,000	£2,560	£47,400
2	£50,000	£5,120	£48,000
3	£50,000	£7,680	£48,500
4 (maturity)	£50,000	£10,240	£50,000

#### Annual income option - example

The table below shows what you might get back if you chose annual income with an assumed income rate of 5.2% each year.

At the end of year	Investment paid to date	Income Withdrawals	What you might get back
1	£50,000	£2,600	£47,300
2	£50,000	£5,200	£47,900
3	£50,000	£7,800	£48,500
4 (maturity)	£50,000	£10,400	£50,000

■ The figures in the above table are only examples and are not guaranteed. You could get back more or less than these figures.

■ In practice what you will get back if you cash in your bond early will depend on the cash in value of the relevant assets (the underlying assets that provides the return under the bond) we hold at the time. This value may be affected by interest rates and market conditions current at the time, as well as expenses, duties and legal charges which may be applied

■ Do not forget inflation would reduce what you could buy in the future with the amounts shown.

### What are the charges?

The following deductions have been taken into account in the 'What will I get back if I cash in early?' section.

At commencement, we take a charge of 4.25% of your original Investment for setting up and administering the bond and to cover any tax arising from the increase in value of the relevant assets.

If you cash in early:

- there will be a difference between the buying and selling prices of the relevant assets, which will be no more than 1.5%
- we will apply a 1% surrender charge to the cash in value of the relevant assets.

### How much will the advice/sale cost?

Please refer to the Rate Sheet for advice/sale cost information.

### What happens if I die?

If you die before the Commencement Date, your original Investment will be returned in full.

If you die on or after the Commencement Date, during the term of the bond, the amount payable will be the higher of:

- your original Investment plus any Bonus Amount added on the Commencement Date plus, if you have chosen to receive quarterly or annual income payments, a proportion of your income payment reflecting the period since the last income date, and
- 101% of the cash in value of the bond on the date of notification of death.

If there are two lives assured, the death benefit is payable on the second death.

The bond will end after we pay the death benefit.

### **How will I know how my investment is doing?**

We'll send you a statement every six months so you can see how your investment is doing.

### **What happens at maturity?**

We will contact you before the Maturity Date advising you of your options. The following options may be available to you:

- take a payment for the maturity proceeds (payable normally within three weeks following the Maturity Date)
- reinvest all or some of the proceeds into another product with us.

Your maturity proceeds will be made up of your original Investment plus any Bonus Amount added on the Commencement Date.

### **Will I pay tax on my bond?**

We pay tax on any income or capital gains from the underlying fund into which your investment is made. You cannot reclaim this tax. As a result:

- you will not have to pay capital gains tax or basic rate income tax on the proceeds of your bond
- you may have to pay additional income tax if:
  - you make a gain from your bond (for example if the total of the cash in value on surrender, death or maturity plus any income payments made is greater than your original Investment), and
  - at the time of the gain, you are a higher rate tax payer or your gain causes some of your income to be taxed at the higher rate
- the maximum tax charge you may pay will be a percentage of the gain (the percentage being the difference between the higher rate and the basic rate of income tax).

A gain will also be made if the income taken in any bond year is more than 5% of your original Investment. When you finally cash in your bond or the bond matures there will be a sweep up calculation to work out any final overall gain.

For a detailed example please refer to the Rate Sheet.

### **Please note:**

- We will send you details of any gain to allow you to complete any tax return you may have. We will, by law, also inform HM Revenue & Customs if the gain is more than 50% of the higher rate tax threshold
- The gain may affect your entitlement to certain allowances (for example age-related personal allowances or the child tax credit)
- For death benefits, the gain will be based on the cash in value of the bond on the date of death. The proceeds will form part of your estate and may be liable to inheritance tax
- You may reduce the impact of inheritance tax on death by writing the bond under a suitable trust. All or part of the proceeds from the bond may be removed from the estate for inheritance tax purposes, which may reduce the final tax bill
- You can change the ownership of the bond by writing the bond under trust or assigning the bond
- If you change the ownership of (assign) the bond there may be tax consequences, depending on the nature of the change in ownership
- You should seek professional advice if you wish to change the ownership of or surrender the bond
- Future changes in legislation or your personal financial circumstances could affect the amount payable, or any further tax payable on that amount
- If you have any doubt as to your tax liability, you should seek professional tax advice.

## Further Information

### Your right to cancel

You can change your mind and cancel your bond. We will send you details of your cancellation rights (including how to exercise them) when your bond starts. You can cancel your bond at any time until 30 days after you receive these details by returning the Cancellation Form, signed by you, to:

 Phoenix Life Assurance Limited  
287 St. Vincent Street  
Glasgow G2 5NB

If you do this, you will get back your original Investment.

If you cancel your bond at any time after the 30 day cancellation period but before the Commencement Date the amount you will get back may be reduced by any fall in the value of the underlying assets and by any reasonable charges we may apply.

If you do not cancel your Bond before the Commencement Date, your bond will start and end in accordance with the Terms & Conditions.

### Investments

If you pay your investment by cheque, please make the cheque, drawn from an account in your name, payable to yourself.

### Law

The Law of Scotland governs the relationship we have with you before the conclusion of the contract. The bond will be governed by the Law of Scotland, unless the parties agree otherwise. We have chosen the Law of Scotland as we are a company registered in Scotland.

### Complaints

If you want to make a complaint please contact us and make sure you tell us your name, bond number and the reason for your complaint.

If your complaint is about the advice you received when your bond was sold to you by Abbey please contact:

 Abbey Complaints Department  
PO Box 5129  
Central Milton Keynes  
MK9 2YN

 0845 600 6014

If your complaint is about the service you have received from Phoenix Life Assurance Limited, please contact:

 Customer Relations Department  
Phoenix Life Assurance Limited  
287 St. Vincent Street  
Glasgow G2 5NB

 0141 275 8338

Once you tell us about it, we'll tell you what we're doing about it and do anything we can to help you. You'll be informed within five days that your complaint has been received, and it should be dealt with within four weeks. If more time is needed, you will be kept informed.

We should sort out most complaints at this stage and our final response should be sent within eight weeks of your original complaint. However if:

- your complaint is not dealt with to your satisfaction, or
- you haven't received a response within eight weeks

you can then contact:

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

 0845 080 1800

 0207 964 1001

They will usually only investigate the complaint once our internal complaints process has been completed.

Making a complaint to the Ombudsman will not affect your right to take legal action. We have made our complaints procedure simple to follow, so that you should not have to use a solicitor or seek professional help. If you do seek professional help and there are costs incurred as a result, you will be responsible for these costs.

### Compensation

The bond is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we can't meet our obligations. This depends on the type of business and the circumstances of the claim. Most contracts of long-term insurance, such as this, are covered for 100% of the first £2,000 and 90% of the rest of the claim.

You can get more details directly from the Financial Services Compensation Scheme online at [www.fscs.org.uk](http://www.fscs.org.uk) or by contacting them at:



Financial Services Compensation Scheme  
7th Floor  
Lloyds Chambers  
Portsoken Street  
London E1 8BN



0207 892 7300



0207 892 7301

### How to find out more

The Key Features and Rate Sheet should provide you with the information you need about the Guaranteed Income Bond. Further information is given in our Terms & Conditions which should be read along with these documents.

If you would like to receive further information please contact your local Abbey branch or call our Customer Service Desk:



0845 6000 403

### When not to invest

If you are elderly or in ill health or you have any doubts about whether you can invest for at least four years you should seriously consider whether the Guaranteed Income Bond is right for you.

If you are over age 65 we do not recommend that you decide to invest based on the information in this pack – please speak to a financial adviser at your local Abbey branch for advice.

If you have any doubt whether the Guaranteed Income Bond is suitable for you, one of Abbey's advisers will be happy to talk to you. You can also talk to an independent financial adviser, but you may need to pay to do this.

### What to do next

If you've decided the Guaranteed Income Bond is right for you please fill in the application form and return it and your cheque (if you are paying by cheque) to your local Abbey branch.

### The legal information

The information contained in this leaflet is based on our present understanding of current law and HM Revenue & Customs practice. It is not intended as a substitute for legal or other professional advice. If you have any doubts as to the legal or tax implications of the information, we recommend you seek the advice of a suitably qualified adviser.

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