



keyfacts®

Flexible Investment Bond

Key Features

This document shows the main points about your Flexible Investment Bond. Please read it with your Personal Example and keep it with your documents relating to your Flexible Investment Bond. The Personal Example shows what you may get back from your investments.

The Financial Services Authority is the independent financial services regulator. It requires us, Canada Life Limited, to give you this important information to help you to decide whether the Flexible Investment 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.



Flexible Investment Bond

The Canada Life Limited Flexible Investment Bond (the Bond) is designed for someone looking to invest a sum of money over the medium to long term (five years or more). It provides the opportunity to link the performance of the Bond to assets such as stocks and shares, property, gilts, corporate bonds or cash. The Bond is also flexible enough to provide you with regular withdrawals to support your existing income or other financial planning needs.

Its aims

- To increase in value the money you invest.
- To allow you to take money out of the Bond either as a one-off payment or as regular withdrawals.
- To allow you to invest in a fund or range of funds to meet your investment needs.

Your commitment

- To invest at least £5,000.
- The Bond is designed as a medium to long-term investment. You can decide how long you want to invest for, although you will have to pay a fee if you fully surrender the Bond (decide to exchange the value of your Bond for cash) in the first five years.

Risk factors

- The value of your investment can go down as well as up and you may not get back the full amount you invested when you cash in the Bond. How any of the funds have performed in the past is not a guide for how the funds you have invested in will perform in the future.
- What you get back is not guaranteed. It may be less than the amount shown in your Personal Example if investment growth is lower, if you take money out of the Bond or if our charges increase.
- If you decide to withdraw amounts from the Bond which are greater than the growth in the funds you have chosen to invest in, the value of your Bond will go down and may be less than the amount you have invested.
- If you cancel your Bond within 30 days, you may get back less than you paid in.
- Your circumstances may change in the future – you might need to cash in the Bond sooner than you expected.
- Some of our funds have higher risks and may invest, for example, in emerging markets which may make your investment more risky. Currency fluctuations can also affect how funds perform. For a full list of the funds available visit www.canadalife.co.uk, or call us on **01707 422927**.
- If you invest in the property fund or any fund which holds property, we have the right to delay switching any amounts out of the fund or paying claims (except death claims) for up to six months if we think this is necessary to protect our other policyholders' interests.
- On a day you value or cash-in all or part of your policy, more money may be moving out of the funds than into them. In this instance for each fund in which you invest, the value of the whole fund may reduce to allow for the estimated costs of selling the underlying assets.

Questions and Answers

What is the Flexible Investment Bond?

- The Bond is an investment bond designed to increase your investment over the medium to long-term. It also includes some life insurance cover.
- You can take money out of the Bond as a one-off payment or as regular withdrawals.
- You can invest any amount in the Bond as long as you invest at least £5,000. You can also add extra amounts of £1,500 or more at any time.
- As the Bond includes life insurance cover, it will provide a cash amount when you die. You can set up the Bond to insure your own life, or another person's life, or up to four people's lives.
- The minimum age to be the owner of the Bond is 18 years.
The minimum age for a life assured is three months.
The maximum age for a life assured is 89 years.
- For joint life second death, the maximum age of the youngest life assured is 89 years.
For joint life first death, the maximum age of the oldest life assured is 89 years.

How does the Flexible Investment Bond work?

- We use your investment to buy units within the fund (or funds) of your choice. You can see how much of your money has been used to buy the units in the Personal Example. The fund(s) you choose may invest in cash, stocks and shares, bonds or property. The value of these assets will dictate the value of the units your money has purchased. The income those assets produce (such as dividends or rent from property) also increases the value of the units.
- For added flexibility, your Bond can be divided into a number of separate identical policies of at least £1,000 each. This may help with your tax planning when you decide to take some of your money out of the Bond.

What might I get back?

- The Personal Example shows what you might get back at various stages in the life of the Bond.
- The Bond gives best value in the medium to long-term (at least five years). You should not invest money in a Bond if you might need the money in an emergency.
- If you decide to cash in your Bond within the first five years we will pay you the amount of the value of the investment on the next valuation date less any outstanding establishment charges (see the section 'What are the charges').
- There is a 'loyalty bonus' for keeping your money invested for a specified period of time. For further details please see the 'Flexible Investment Bond – Client Guide' available from www.canadalife.co.uk (or by calling us on **01707 422927**) or see 'What are the charges?' on page 5.

Will I be able to take my money out?

Yes, there are a number of ways that you can take your money out.

Regular withdrawals

- You can withdraw regular amounts from the Bond. You can do this every month, every three months, every six months, every year or every term (for example, if you use the money for school fees). The lowest amount you can withdraw is £250 a year. The most you can withdraw regularly is 10% each year of the amount you originally invested.
- After each withdrawal the total value of the Bond left must be at least twice the value of the outstanding establishment charge, and you must leave at least £250 in the Bond.
- You can spread the amount you withdraw regularly across all the funds you invest in or withdraw the amount from up to five funds.

Partial surrenders

- You can cash-in part of the value of your Bond at any time. You must take at least £250. There is no limit to the amount you can take as a partial surrender amount but the value of your Bond must be the higher of £250 or twice the value of the outstanding establishment charges.
- You can take a partial surrender as an amount spread across all the funds you invest in or you can take it from up to five funds.
- If a surrender request is unclear, we use the default method of fully surrendering segments.

Full surrender

- You can cash-in all of your Bond for cash at any time. However, if you decide to do this within the first five years of the Bond we will deduct any outstanding establishment charges.

Where and how is my money invested?

- Your money is invested in the funds you choose.
- Each fund is divided into 'units' of equal value. We use your money to buy units in your chosen fund (or funds).
- You can invest in up to 10 funds at a time.
- Currently, you can switch the value of your units between funds as many times as you like, without a charge.
- We also offer a phased investment option where you may gradually move money from one group of funds to another over a defined period. For more information please visit www.canadalife.co.uk or call us on **01707 422927**.

What funds are available?

- We offer a full range of funds, which cover the major geographic areas and sectors as well as some specialist funds. The choice of funds include funds we manage as well as a wide range of funds managed by other companies.
- The funds you can choose from have different objectives and risks. Your professional adviser can help you choose the funds most likely to meet your investment needs. You can find out more about the funds available by visiting www.canadalife.co.uk or by calling us on **01707 422927**.

What happens to the money if I die?

- The death benefit payable is 100.1% of the value of units or 100.1% of the 'surrender value' of the Bond, depending on how the Bond has been arranged and how old you and any other people who have life insurance cover were at the start of the Bond. The 'surrender value' is the value of units less any outstanding charges we need to take.
- You can choose to put your Bond in trust so that the people you choose (beneficiaries) to receive benefits if you die are paid by the trustees. Your professional adviser will be able to give you more details of the advantages of having your Bond put in trust.

What if my circumstances change?

- You can change the amount and frequency of regular withdrawals at any time or cash in the Bond completely, if you wish.
- You should also inform your professional adviser of any change in your circumstances.

What are the charges?

- Establishment charge – the establishment charge covers the cost of setting up your investment and any commission paid to your adviser. There are two options:
 - Option 1 – the allocation rate of your policy will depend on the amount you are investing and the age of the youngest life assured, and cannot be more than 100% of your investment. We will then deduct 0.5% to cover our administration costs and any commission payable to your adviser.
 - Option 2 – the establishment charge depends on the amount of your investment, the allocation rate selected by you and your adviser, the commission payable to your adviser and the age of the youngest life assured. The charge is then divided by 60 and taken from your policy monthly over the first five years.

The Personal Example will show the allocation rate applied to your investment and the commission payable to your adviser.
- Annual management charge – every year, you will have to pay a charge to us for managing your Bond. There are two options to choose from;
 - The **Level Option** has an annual management charge equal to 0.35% of the Bond value. The charge is payable from the start of the Bond and is reflected within the unit price of the funds you invest in. The Level Option is linked to our Series 4 life funds. There is a loyalty bonus of 0.5% of the value of each Bond at the end of year five and every five years after that.
 - The **Deferred Option** has an annual management charge equal to 1% of the Bond value which is reduced to zero for the first five years by applying a rebate of 1% to your Bond. The charge is reflected within the unit price of the funds you invest in and the rebate is applied at the end of each complete month that the Bond is active. The Deferred Option is linked to our Series 3 life funds. At the end of five years the rebate ends and the annual management charge is 1% a year from then on. There is a loyalty bonus of 2% of the value of each Bond at the end of year 10 and then a bonus of 1% of the value of each Bond every five years after that.
- Investment management charge – you will have to pay an investment management charge every year. This varies depending on the fund(s) you have chosen. We work this charge out as a daily rate and take these amounts from the units in your Bond every day. For details of fund charges visit www.canadalife.co.uk or call us on **01707 422927**.
- Your Personal Example which forms part of this document shows the current charges which apply to you and their effect on your investment. We regularly review these charges.
- Your professional adviser will be able to give you details of the amounts they receive for helping you with this investment and choosing which funds to invest in.

What about tax?

- We have based the following information about tax on current law; the law may change and the information depends on your own financial circumstances.
- You should ask your professional adviser for more details about tax.

Corporation tax

- We will pay tax on any income received and on any capital gains made by the funds your money is invested in. We pay tax at the rate which applies to companies that provide life insurance.

Income tax

- If you pay tax at the basic rate, when you cash in your Bond you may have no further tax to pay.
- If you are a higher rate or additional rate taxpayer or become one when the average gain in the value of your cashed in Bond is added to other sources of your income, you will have to pay more tax to make up the difference between the higher rates of tax and the basic rate of tax (which is currently 20% of the gain made).
- You can withdraw 5% of your investment each year for 20 years without having to pay any income tax. You may have to pay tax to make up the difference between the higher rates of tax and the basic rate of tax (which is currently 20%) if you withdraw more than 5% of your investment every year. If you do not use your 5% withdrawal allowance in any year this can be rolled over to the following years so you do not lose it.
- If you put your Bond in trust, you may have to pay income tax on any profit your Bond makes. The rate of income tax and the person assessed will vary from trust to trust. Except for bare trusts, this is usually the person setting up the trust.

Inheritance tax

- Your executors may have to pay inheritance tax on any money they receive from your Bond if you die. If you put your Bond in trust your executors may not have to pay as much or any inheritance tax. Your professional adviser will be able to provide more information about inheritance tax for your personal circumstances.
- Executors are the people who will sort out your affairs after you die.

Can I change my mind?

- You have the right to change your mind and cancel the Bond under the Financial Services Authority Cancellation Rules within 30 days of receiving the document 'Cancellation Form' from us.
- If you do decide to cancel the Bond, we will take any fall in the value of your investment from your investment. If the value of your investment has increased, we will return your original investment only.

How will I know how my Bond is doing?

- Visit our website at www.canadalife.co.uk to see the prices of each fund we offer. You can also ask for the prices by calling our New Business Investment Team on **0845 6060708**.
- Every six months we will send you a statement showing you the value of your investment.

How to contact us

- You should contact your professional adviser in the first instance.
- If you have any questions or you want to alter your Bond you can contact us in the following ways:

Phone: **0845 6060708** (lines are open Monday to Friday 9am – 5pm)

E-mail: NBDInvestment@canadalife.co.uk

Head office address:
New Business Investment Team
Canada Life Limited
Canada Life Place
Potters Bar
Herts
EN6 5BA

Website: www.canadalife.co.uk

Further information

How to complain

If you need to complain about any part of the service we have provided, please write to us at the address on page 7.

If you are not happy with our response you can contact:

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

Phone: **0845 080 1800**

Email: **complaint.info@financial-ombudsman.org.uk**

Website: **www.financial-ombudsman.org.uk**

Making a complaint will not affect your right to take legal action against us.

Compensation

If you have a valid claim against us and we are not able to meet our responsibilities in full, you may be entitled to compensation from the Financial Services Compensation Scheme. They have a leaflet which gives details of the cover they provide. You can get a copy of this leaflet by writing to:

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

Phone: **020 7892 7300**

Email: **enquiries@fscs.org.uk**

Website: **www.fscs.org.uk**

Please contact us if you would like any information on compensation arrangements.

Law

English law applies to the Flexible Investment Bond.

Terms and conditions

This document is a brief guide to the key features of the Flexible Investment Bond. You can read the full terms and conditions in the policy provisions which, together with the application form, makes the legally binding contract between you and us.



Canada Life

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