

# KEY FEATURES OF THE INVESTMENT BOND

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INCLUDING ADDITIONAL INVESTMENTS

**keyfacts**®

## **Important Information**

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, Phoenix Life Limited, to give you this important information to help you to decide whether our 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.

The date when this Key Features document was produced is shown on the last page. If you are not sure if you have the latest version contact your financial adviser.

You need to be comfortable that you understand the benefits and risks of this Bond. The purpose of this document is to help you to make an informed decision. However, it doesn't include all the definitions, exclusions, and terms and conditions. We include these in the **Policy Provisions of the Investment Bond**.

You must get financial advice before you decide to invest.

Please read this document with your personal illustration.

We have highlighted in **bold** documents that contain additional information about the risks and features of the options you have through this Bond. Please ask your financial adviser if you need copies.

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# IMPORTANT INFORMATION

## What is the Investment Bond?

The Bond provides a way for existing holders to invest additional cash sums. You can invest with the aim of seeking growth and/or providing an income. It also includes a small element of life assurance (life cover).

Through the Bond you can invest in a number of carefully selected investment funds. These funds invest in five main categories: Money Market, Fixed Interest, Property, Shares and Other. Please see the Investment Bond Fund List for the full range of funds available.

## Its aims

- To increase the value of your investment.
- To allow you to take one-off or regular withdrawals.
- To allow you to invest in a choice of carefully selected funds investing in different assets in different parts of the world.

## Your commitment

- You should be willing to invest for the medium (at least 5 years) to long-term (over 10 years).
- To tell us if you stop using or change your financial adviser.

## Risks

Many things can happen that could affect the value of your investment.

- The value of your investment can fall as well as rise and is not guaranteed. You may get back less than you invest. This may be due to stock market fluctuations.
- Taking withdrawals from your Bond reduces its value. The value will therefore fall below the original investment amount if the amount taken is more than any growth of your Bond after charges.
- If the growth of your selected fund(s) does not cover the charges, then this will reduce the value of your investment.
- Our charges may increase in the future.
- The tax treatment of investment bonds and the funds they invest in may change in the future and is subject to individual circumstances.
- Investment growth may be lower and charges may be higher than we have assumed in your **Illustration**.

- Some of the funds in which you invest carry additional risks because of the type of assets they invest in – here are a few examples.
  - The value of your investment is denominated in British pounds; if you invest in a fund, shares or other assets that are denominated in a different currency, there is an additional risk that your investment could lose value because of changes in exchange rates between the different currencies.
  - Funds that invest in emerging markets may not be regulated as strictly as in the UK and it may be harder to sell these assets.
  - There may be a delay in access to your money if you invest in funds holding assets that might take longer to sell, for example property.
  - If a fund you invest in invests in underlying funds, its unit price will fall or rise depending on whether the underlying fund is buying or selling assets.

There are other risks which could affect the performance of the funds you invest in and you should discuss these with your financial adviser or refer to the **Investment Bond Fund List**.

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# QUESTIONS AND ANSWERS

## Can I change my mind?

Yes, if you decide to make additional investments in the Bond we will send you an acceptance letter reminding you of your cancellation rights. You will then have 30 days to cancel the additional investment.

If you do cancel within 30 days you may get back less than you invested. This could be because your investment has fallen in value or you have taken withdrawals before we receive your cancellation request.

We will refund any charges, in full, including adviser charges, we have taken from your Bond in relation to a transaction that you subsequently cancel, up to the point we receive your notice to cancel the transaction.

Your financial adviser will be responsible for paying back to us any adviser charges payments that we have made to them in relation to a cancelled transaction. You may still be liable to pay your financial adviser for the advice or services you have received and you will need to discuss with them how these will be settled.

If you do not cancel within the cancellation period your Bond will continue in accordance with the **Policy Provisions of the Investment Bond**. If you cancel your Bond at a later date, any charges already deducted will not be returned to you.

If you want to cancel any additional investments, please write to us at the address shown in the 'Contact us' section. You will have the same cancellation rights as explained above for each additional investment.

## What are the charges?

The Illustration you have been given shows the charges for your Policy. Charges are taken by us to pay for the cost of setting up the Policy, fund management and the administration of your Policy. The **Illustration** also shows how charges could reduce the potential for growth over the term shown. If you are paying for advice through the product, this will also have been shown on the **Illustration**.

## Invested Amount

This is also known as investment allocation. The Bond gives you 100% allocation, which means all of the money you pay into it will be invested in your selected funds.

If the youngest life assured is 80 or over then the allocation will be reduced to 98%.

## Early cash-in charges

We do not apply any early cash-in charges.

## Fund charges

The fund charges will vary depending on which fund(s) you invest in.

All funds are subject to an Annual Fund Management Charge, which is an annual percentage rate set by us. Some funds also incur Fund Expenses, which can vary and are in addition to Annual Fund Management Charges. Both are deducted on a daily basis and are reflected in the fund's unit price.

Full details of the current Fund Expenses and Annual Fund Management Charges can be found in the **Investment Bond Fund List**.

We do not currently charge for fund switches, although we reserve the right to impose a charge in certain circumstances. For further details of fund switching, please see the 'Can I switch between funds?' section on page 5.

## Adviser Charges

If you agree to pay your financial adviser for advising you on this investment, you can do this in one of two ways:

- You can choose to make a payment directly to your financial adviser (separately from your investment in the Bond); or
- You can choose to pay them a fee which is taken from your Bond.

For more information, please refer to the 'Adviser Payments' section of the **Policy Provisions of the Investment Bond**.

## Changes to charges

There are a number of circumstances that could lead to an increase in charges, such as tax rule, legislative or regulatory changes, or staff and overhead costs being higher than we expect. In some cases the costs of using third parties could be more than we expected. A third party is any party which is not a member of the Phoenix Group. If any of this happens, we will write to you to advise you of the change.

Any changes to adviser charges will need to be agreed between you and your financial adviser.

Please see the section 'General Matters' of the **Policy Provisions of the Investment Bond** for full details.

## How can I pay money in?

The minimum additional investment amount is £1,000.

Additional investments will form part of your original Bond, however, you will have cancellation rights (as detailed above) in relation to any additional investment amount.

Additional investment amounts will be subject to our standard terms and conditions in operation at the date we receive them. Please be aware that the value of additional investments, as well as existing amounts can fall as well as rise and is not guaranteed.

We reserve the right to change the minimum additional investment amount and in certain circumstances we may refuse to accept further investments. For more information on additional investments please refer to the 'General Matters' section of the **Policy Provisions of the Investment Bond**.

If your Bond is held under a Trust, certain types of Trust do not allow additional investments. Please ask your financial adviser for more details.

When you make any additional investments there is no maximum age for the lives assured.

## How does my Bond work?

When your Bond started it was split into a number of policies to give you flexibility in managing your investment. Please refer to your Policy schedule to see how many policies yours was split into. You can treat each policy independently in terms of investments and withdrawals. This means you can choose a particular fund or mix of funds for the different policies within your Bond, to reflect the different aims you may have for your investment. You can invest different amounts in each policy within your Bond.

You can also choose to make additional investments to, and withdrawals from, specific policies within your Bond.

For more information please see **Your guide to the Investment Bond**.

## Where can I invest?

For full details of funds available to the Bond, please see the **Investment Bond Fund List**.

You can choose how much to invest in each fund and you can also choose different funds for each policy within your Bond.

## What are units and unit-linked funds?

The funds available through your Bond are divided into equal units. When you invest into a particular fund a certain number of units in the fund will be allocated to your Bond, depending on the amount of money that you invest. The return on your investment depends on the performance of the chosen funds and the fund charges. Each unit has a 'unit price', which is calculated every business day. This price is used to calculate the value of your Bond by simply multiplying the number of units you have in each fund by their unit price.

The valuation method we use for the pricing of units can change from time to time. If we do change the unit pricing method this could result in a lower unit price (e.g. on property funds potentially by around 7-8%).

Please see the **Investment Bond Fund Dealing Guide** for further information.

The value of units, and therefore your investment, can fall as well as rise and is not guaranteed. You could get back less than you invest. The 'Investment Matters' section of the **Policy Provisions of the Investment Bond** contains full details on how the funds are structured and the conditions that apply to investing in them.

## Can I switch between funds?

Yes. We do not charge for switching between any of the available funds, however a charge could be imposed in the future in accordance with the 'Investment Matters' section of the **Policy Provisions of the Investment Bond**.

We reserve the right to refuse any switch request or delay it under certain circumstances. This may be for example, where we have to sell assets held in the funds you are invested in and we are unable to do this immediately. We also reserve the right to limit the number of switches. Please refer to the 'Investment Matters' section of the **Policy Provisions of the Investment Bond** for further details on switching between funds.

Full details of the process and timings we follow when we act on your instructions to purchase or sell units can be found in the **Investment Bond Fund Dealing Guide**.

## How will I know how my Bond is doing?

On each policy anniversary we will send you a statement showing any withdrawals taken and the current value of your Bond. You and your financial adviser can also obtain these details online at any time during the year, see **Your guide to the Investment Bond** for details.

If you would like an additional paper valuation statement at any time, we will be happy to send you one free of charge.

## What other benefits/options are available?

You can choose to apply Drip-feeding or Portfolio Rebalancing to your Bond. These are automated features that aim to help you and your financial adviser manage your investments. An explanation of these features can be found in **Your guide to the Investment Bond**.

We will add a loyalty bonus of 0.5% of the Bond's cash value on its 10th anniversary. The cash value will not include any additional investments received after the 8th anniversary. Please see the 'General Matters' section of the **Policy Provisions of the Investment Bond** for details of how the bonus is calculated and paid.

## Can I take money out?

Yes. You can take money out in the following ways:

- regular withdrawals (monthly, quarterly, half-yearly or annually)
- one-off withdrawals
- cashing-in one or more policies within the Bond.

## Can I take withdrawals?

You can set up regular withdrawals at any time by giving us 30 days' notice. We also need 30 days' notice if you wish to change your regular withdrawals or make a one-off withdrawal. You can cash-in one or more policies at any time.

You can choose which particular fund, mix of funds, or individual policies you wish to take your withdrawals from.

Before deciding to take withdrawals from your Bond you should consider the following:

- If regular withdrawals are based on a percentage of the value of your Bond, the value of the withdrawals can fall and rise in line with the value of your Bond.
- Taking withdrawals from your Bond reduces its value. The value will therefore fall below the original investment amount if the amount taken is more than any growth of your fund after charges.
- Taking withdrawals immediately at the start of your Bond will reduce its value below the amount originally invested until such time as investment performance makes up for the amount withdrawn.
- There is currently no minimum or maximum to the amount that can be withdrawn at any one time. However, each withdrawal made must not take the value of your Bond below £5,000. This does not apply if:
  - you are fully cashing-in one or more policies; or,
  - the Bond has been placed under a Bare or Discretionary Discounted Gift Trust arrangement and withdrawals are made to satisfy the Donor's or Settlor's entitlement to capital payments.

For more information about the tax implications of taking withdrawals, please see the 'Tax' section on page 7.

## Can I cash-in my Bond?

You can cash-in all or just some of the policies that make up your Bond at any time but you should be willing to invest for at least five years. It is not suitable if you want to invest for a short period of time or need easy access to your investment.

If you cash-in one or more policies in your Bond, any applicable adviser charges will be redistributed to other policies in your Bond, where appropriate.

There is no guarantee that you will get back what you put in. The amount you receive if you cash-in your Bond will depend on the value of your Bond at that time.

If you cash-in all of your Bond and you have agreed to pay adviser charges through your Bond, any future payments due or outstanding payments will not be made to your financial adviser. If applicable, you will need to agree with them how these charges will be settled.

### Are there any restrictions?

We reserve the right to delay payment indefinitely under certain circumstances. This may be for example, where we have to sell assets held in the funds you are invested in and we are unable to do this immediately. Please refer to the 'Investment Matters' section of the **Policy Provisions of the Investment Bond** for full details.

## What happens to the Bond on death?

If you take out the Bond jointly with another person and one of you dies, the other becomes the sole owner. If you were the sole owner of the Bond, ownership will pass to the person named in your Will as beneficiary of your estate. The lives assured will not take ownership of the Bond unless named in your Will. Please refer to the 'Explanatory Notes' of the **Policy Provisions of the Investment Bond** for more details.

## What happens if a Trustee dies?

The Bond will continue to be held under Trust by the remaining Trustees.

## What about lives assured?

This is a life assurance Bond, and so life cover is included in the investment.

The lives assured are the people whose names are shown next to this term in the Policy Document. The life cover is payable on the death of the last life assured. You can't add further lives assured to an existing Bond.

## What happens when the last life assured dies?

When the last life assured dies, the Bond will end and we will pay a lump sum (the Death Benefit). The Death Benefit is 101% of the cash value of the Bond. However if your Bond commenced before 1 April 2005, the Death Benefit percentage may be slightly different depending on the age of the life assured (or youngest life assured) when your Bond commenced. The Death Benefit payable will be calculated using the cash value of your Bond on the next working day following receipt of written notification of death. Please see the 'General Matters' section of the **Policy Provisions of the Investment Bond** for full details.

If you have agreed to pay adviser charges through your Bond, once we are notified of the death of the last life assured, any future payments due or outstanding payments will not be made to your financial adviser. If applicable, the beneficiaries will need to agree with your financial adviser how these charges will be settled.

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# TAX

The following tax information is based on our interpretation of current UK law and HM Revenue & Customs ('HMRC') practice. This is subject to change and your individual circumstances. You should not treat it as legal advice or rely on it as a statement of law.

## **Are there any tax implications whilst my money is invested?**

Whilst your money is invested in the Bond, any fund growth will not give rise to a personal liability to income tax or capital gains tax.

The funds you invest in have to pay tax on income from investments and capital gains which is taken from the fund(s) before calculating the fund unit price.

Please refer to our Unit Linked Principles and Practices document for more details about how tax is applied to different types of funds. Details of how this can be obtained are available in the 'Further information' section on page 9.

The rate of tax payable on income and capital gains within the funds will normally not exceed 20% (based on current tax rates). If the funds hold any overseas investments, tax may be payable in the relevant country at a higher rate and will be charged to the appropriate funds.

## **What are the tax implications on withdrawals from the Bond?**

Any 'income' and adviser charges you take from your Bond are considered a withdrawal of capital and will be subject to special income tax rules to determine if any income tax is payable.

You can withdraw up to 5% per year of the initial amount invested (including any additional investments) in each individual policy for a period of 20 years, or until the value of the original investment amount has been fully withdrawn if withdrawals are taken at a lower rate than 5% per year. Provided this amount is not exceeded, there will be no income tax payable at the time of each withdrawal as tax on these amounts is deferred until final cash-in. This 5% allowance is cumulative, which means, for example, you can withdraw 4% per year for 25 years; or if you do not use your 5% withdrawal in one year, you can withdraw up to 10% in the following year with no immediate tax liability, regardless of your tax position.

When making any additional investments, any existing regular withdrawals in payment that have been requested on a "£" basis will automatically increase in line with your additional investment amount, but any regular withdrawals on a "\$" basis will remain at the same level unless specific instructions are received either in writing or by completion of the Investment Bond additional investment application form. Phoenix Wealth cannot accept these instructions over the telephone.

If you make withdrawals which exceed the 5% entitlement there could be an immediate tax liability. This would happen if you already pay higher or additional rate tax, or if the withdrawal causes your taxable income to go over the upper level of the basic rate tax limit. In these circumstances you would have to pay tax on the amount above the 5% entitlement which exceeds the upper level of the basic rate tax limit. The tax payable would be limited to the difference between either: the higher and basic rates (currently 20%); or the additional and basic rates (currently 25%).

## **Adviser charges and impact on 5% withdrawals**

Any adviser charges taken from your Bond will count towards your 5% annual withdrawal allowance. This means there may be an immediate tax liability if your withdrawals, combined with any adviser charges, are above 5% of the initial amount invested.

Remember, if ongoing adviser charges are taken as a percentage of the Bond's value and that value increases, the actual amount of the ongoing adviser charge will also increase.

## **What about tax if I cash-in one or more policies in my Bond?**

When a policy is fully cashed-in, there may be an income tax liability on the profit from the policy. This takes into account withdrawals made before the encashment of the policy both within and in excess of the 5% annual entitlement.

The profit is subject to a special calculation to determine whether over the number of years the Bond has been in force, the 'average gain' would cause your taxable income to exceed the upper level of the basic rate tax limit. This will determine if there is any tax charge on the profit. Any tax payable would be limited to the difference between either the higher and basic rates (currently 20% (40%-20%)) or the additional and basic rates (currently 25% (45% - 20%)).

For guidance on how the average gain is calculated, please see the 'Tax and your Investment Bond' section of **Your guide to the Investment Bond** or speak to your financial adviser.

## What about tax on death?

On death of the last life assured, the proceeds payable under the Bond will be paid to the owner or if the owner is deceased, to the owner's estate. The amount that may be chargeable to income tax is calculated on a similar basis to that on full encashment, and assumes the Bond was cashed-in immediately before death.

The proceeds will form part of the owner's estate for inheritance tax purposes, unless you set up your Bond under an appropriate Trust. Please speak to your financial adviser for more information about setting up a Trust.

### Your annual income

If your total annual income exceeds £100,000 when taking withdrawals or cashing-in your Bond, your personal allowance may be reduced.

If you are in receipt of age-related allowance(s), child tax credits or working tax credits, these may be reduced if you withdraw more than your 5% entitlement or if you make a profit when you fully cash-in your Bond.

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# FURTHER INFORMATION

## Customer status

Phoenix Life Limited will treat you as a retail client. This means that you may have the highest degree of protection available under the FCA rules. This includes access to complaints and compensation procedures. However you will not be covered for wrong advice unless this product was personally recommended to you by a financial adviser authorised by the FCA.

## How to complain

If you are not satisfied with any aspect of the service that you have received from us, please contact us using any of the methods detailed on the back page. Information regarding our formal complaints procedure is also available from the same contact points.

Complaints that we cannot settle may be referred to the Financial Ombudsman Service at:

Exchange Tower,  
Harbour Exchange Square,  
London,  
E14 9SR

Phone: 0800 0234 567

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

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

## Compensation

Your Policy is covered by the Financial Services Compensation Scheme. This means that if we are unable to pay claims/benefits because of financial difficulties you may be able to make a claim. You are covered for 100% of the claim, without any upper limit.

For further information please see [fscs.org.uk](http://fscs.org.uk) or phone 020 7741 4100.



## Law and language

This plan is governed by the law of England and Wales. Your contract will be in English. We'll always write and speak to you in English.

## Visual impairment

If you would like this information in large print, in braille or audio, please call 0345 129 9993.

## Unit linked principles and practices

If you would like more information about the principles and practices that Phoenix Wealth applies in the management and operation of all its unit linked funds, we recommend you refer to our **Unit Linked Principles and Practices** document. Please visit our website [phoenixwealth.co.uk](http://phoenixwealth.co.uk).

If you don't have access to the internet, or would prefer a paper copy, please call us on 0345 129 9993 and we'll be happy to send one to you.

## FINANCIAL ADVISER

For more information about the Investment Bond and the options available to you, please speak to your financial adviser.

Financial advisers use a variety of different ways to charge you for their services and you will be liable for any charges incurred. Please ask a financial adviser for full details of these charges.

If you do not have a financial adviser and would like to speak to one in your area, you can visit **[unbiased.co.uk](https://unbiased.co.uk)**.

## CONTACT US

If you want more information about the Investment Bond please:

Call us on **0345 129 9993**

Available 8.30am – 5.30pm, Monday to Friday. As part of our commitment to quality service and security, telephone calls may be recorded.

Email us at **[customerservices@phoenixwealth.co.uk](mailto:customerservices@phoenixwealth.co.uk)**

Please be aware that emails are not secure as they can be intercepted, so think carefully before sharing personal or confidential information in this way.

Visit us here for online support **[phoenixwealth.co.uk](https://phoenixwealth.co.uk)**

### Address

Phoenix Wealth, Unit Linked Life & Pensions, PO Box 1393, Peterborough, PE2 2TP