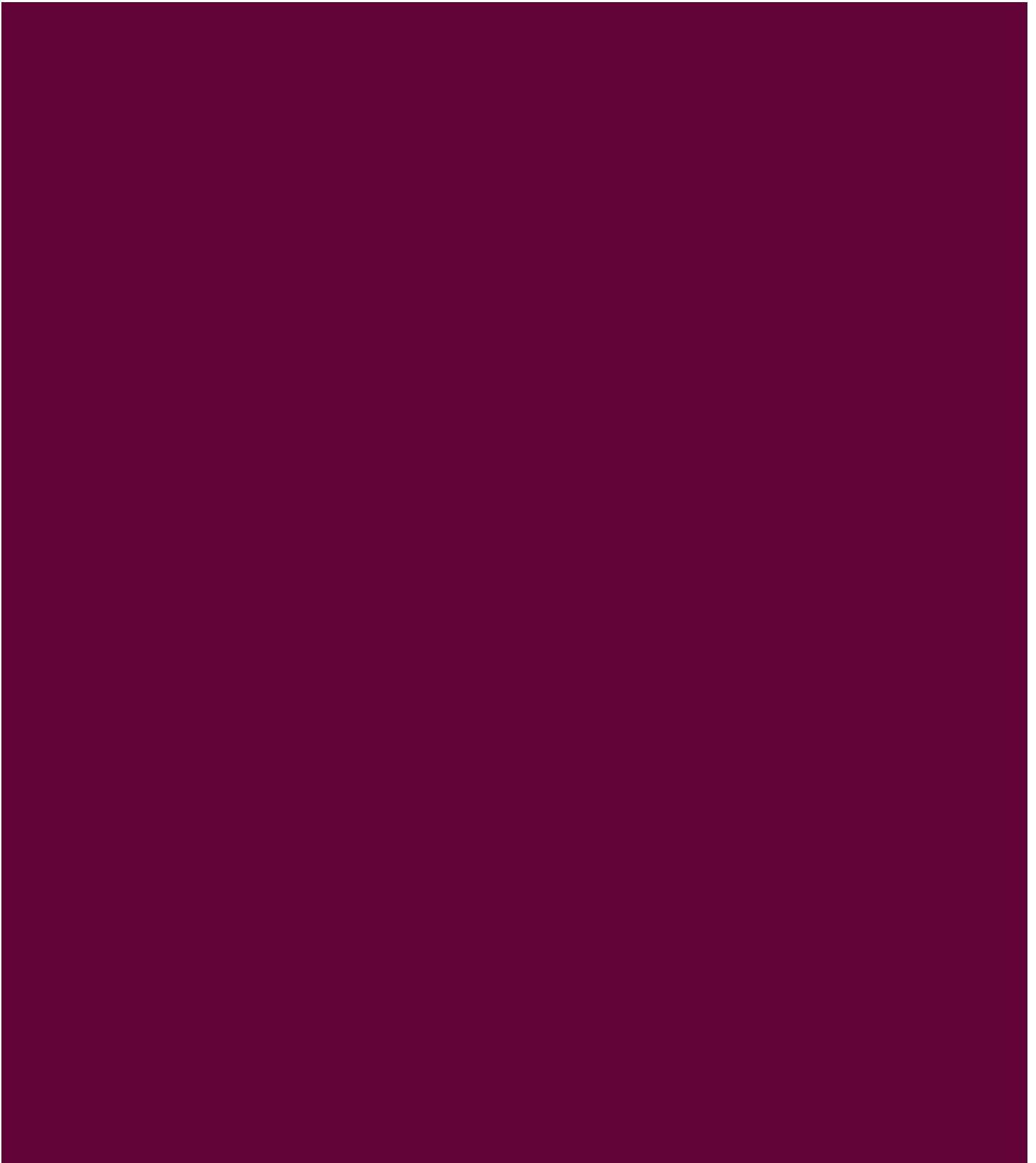


# POLICY PROVISIONS

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OF THE INVESTMENT BOND



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# 1) UNDERSTANDING THE INVESTMENT BOND

## 1.1 Your Investment Bond

We will treat you as a Retail Client.

One or more separate policies make up your Investment Bond ('Bond'). Subject to a minimum initial investment of £500 per policy and an overall initial investment of at least £15,000 into the Bond, you can choose to have up to 99 policies in your Bond. Each policy is given an individual number to identify it from other policies. Please quote all the relevant policy numbers whenever you contact us about your Bond.

Your Application Form for the Bond, the Policy Document and these Policy Provisions together form the contract between you and us.

You may also receive replacement or additional Policy Documents where the terms and conditions which apply specifically to you change. For example where you pay an Additional Investment Amount.

Each policy can be dealt with independently or collectively with the other policies that make up your Bond. These Policy Provisions apply to each policy individually.

In making decisions and exercising discretion given to us under these Policy Provisions, we will act reasonably and with proper regard to the need to treat you and our other customers fairly.

These Policy Provisions will only apply to your Bond provided they are not held by a relevant court or viewed by the Financial Conduct Authority to be unfair contract terms or reasonably considered by us to be unfair contract terms. If a term is held, viewed or considered to be unfair it will, as far as possible, still apply but without any part of it which would cause it to be held, viewed or considered unfair.

## 1.2 Definitions

Certain words in this document shall have particular meanings described below.

**Actuary** – A person chosen by us who is a Fellow of the Institute and Faculty of Actuaries.

**Additional Investment Amount** – Any sum paid to us to buy Units after payment of the Initial Investment Amount.

**Adviser Charge** – Any fee you agree to pay your Financial Adviser in return for the advice or related services that you receive in relation to your Bond, excluding Flexible Adviser Remuneration.

**Adviser Payment** – A term used to collectively describe Adviser Charges and Flexible Adviser Remuneration. These are the methods that may be available to you to pay for advice and related services you receive in relation to this Bond.

**Benefits** – Any money we pay to you under your Bond.

**Business Day** – A day when the London Stock Exchange is open.

**Cash Value** – The value of your Bond or each individual policy within the Bond if it were to be cashed-in, at any given time.

**Cash Value Date** – The date of the Unit Price(s) which will be used to calculate the Cash Value, determined in accordance with the Fund Dealing Guide.

**Commencement Date** – The date your Bond starts as shown in the Policy Document.

**Death** – The death of the Life Assured or, where there is more than one Life Assured, the death of the last of the Lives Assured to die.

**Death Benefit** – The Benefit payable on Death.

**Drip-feeding** – The option to automatically switch your investment from one or more Funds to other Funds selected by you. This can be done at a chosen frequency of monthly, quarterly, half-yearly or annually.

**External Fund Manager** – A company other than Phoenix Life Limited which manages an Underlying Fund.

**Financial Adviser** – The adviser or advisory firm who provides you with advice regarding your investment in the Bond.

**Flexible Adviser Remuneration** – A method used to pay your Financial Adviser for advice and related services as described in section 3.3.2.

**FSMA** – The Financial Services and Markets Act 2000 as amended from time to time and all the regulations and orders enacted under it.

**Fund** – Any of the investment funds made available to this Bond.

**Fund Expenses** – The expenses determined by the External Fund Manager which are deducted from the value of each Underlying Fund on a daily basis and are reflected in the Price. Details of the Fund Expenses for each Fund are set out in our Investment Bond Fund List, a copy of which is available on request. For more information about Fund Expenses and how often our literature is updated, see section 3.2.2.

**Fund Management Charge** – The charge which applies to each Fund available via your Bond. See section 3.2.1.

**Initial Investment Amount** – The sum, as shown in the Policy Document, initially paid to us to buy Units, which must be at least £15,000.

**Investment Amount** – Any sum paid to us to buy Units.

**Investment Bond Fund Dealing Guide** – The guide, as amended from time to time, issued by us to you on the Commencement Date. The guide sets out the dates and processes relating to the purchase and surrender of Units in each Fund. A copy of our current Investment Bond Fund Dealing Guide is available on request.

**Investment Bond Fund List** – The document setting out the Funds available, their respective Fund Management Charges, asset class, and Fund Expenses. This document is updated from time to time and is available from your Financial Adviser, online, or from us on request.

**Investment Content** – This is also known as the allocation rate and is the proportion of the Investment Amount that is actually invested in the Bond. The Investment Content is 100%, except where the only or youngest Life Assured is aged 80 or over in which case the Investment Content is reduced to 98%. We multiply the Investment Content by each Investment Amount to calculate the amount available to buy Units. This is shown in your Policy Document.

**Life/Lives Assured** – The people (up to a maximum of four) whose lives are to be assured under the Bond and whose names are shown next to this term in the Policy Document. Each Life Assured must be over the age of two at the Commencement Date. At least one of the Lives Assured must be under the age of 85 at the Commencement Date.

**Owner** – The person or persons who applied for the Bond and whose name or names are shown next to this term in the Policy Document. The Owner must be a UK resident at the Commencement Date.

**Phoenix Group** – Phoenix Wealth, its subsidiaries and holding company and ultimate holding company, and all subsidiaries of such ultimate holding company. Subsidiary and holding company shall have the meaning given to them under the Companies Act 2006.

**Phoenix Life Limited** – the provider of the Bond.

**Policy Document** – The separate schedule or schedules issued with these Policy Provisions.

**Policy Provisions** – These Policy Provisions as amended from time to time.

**Portfolio Rebalancing** – The option for your investment to be automatically rebalanced into specified proportions in different Funds. This can be done at a chosen frequency of monthly, quarterly, half-yearly or annually.

**Price** – The value of a Unit in pounds sterling at the time of purchase or sale.

**Residual Value** – The amount required to be left in each individual policy within your Bond such that the Cash Value of your Bond is at least £5,000. The amount will be reviewed by us from time to time and may be increased in line with the Retail Prices Index.

**Retail Client** – A client who is entitled to receive the highest level of protection available under the Prudential Regulation Authority and the Financial Conduct Authority rules. This may, for example, include access to both the Financial Ombudsman Service and the Financial Services Compensation Scheme.

**Retail Prices Index** – An average measure of change in the prices of goods and services bought for the purpose of consumption by the vast majority of households in the UK. It is compiled and published monthly by the Office for National Statistics.

**Underlying Fund** – A fund managed by an External Fund Manager in which a Fund invests.

**Unit** – In respect of a Fund, the Units of equal value into which that Fund is divided. Your Investment Amount will be used to buy Units in the Funds of your choice.

**Valuation Day** – This is a Business Day on which certain dealings in connection with Units in your Bond take place. There will be at least one Valuation Day every month. Normally every Business Day will be a Valuation Day.

**Withdrawals** – Regular or ad-hoc payments made to you from your Bond following your written request.

### 1.3 Meaning of 'you', 'us' etc

The meaning of the words 'you' or 'your' in these Policy Provisions depends on whether one or more persons are the Owner. If there is just one Owner these words refer to that individual, or, in the event of the death of that individual, to his or her successors in title to the Bond.

If two persons are the Owner, they refer to those individuals jointly or to the survivor of them, or, in the event of the death of the survivor, to his or her successors in title to the Bond. Please see the 'Explanatory Notes' section for more information. If the Bond is taken out by trustees then 'you' or 'your' refers to the trustees jointly. Each time the words 'us', 'we' or 'our' are used in these Policy Provisions they refer to Phoenix Life Limited.

### 1.4 Policy alterations

We reserve the right from time to time by giving you 30 days' written notice, so far as it is practicable to do so, to make such changes or additions to these Policy Provisions as are reasonably required to reflect:

- changes in applicable tax or other law, legislation, regulation or industry codes of practice which affect your Bond
- changes in how the London Stock Exchange or other relevant investment or regulated markets may work which may impact on the operation of your Bond
- changes in investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of your Bond and which are outside of our control

- changes to services relating to your Bond supplied to us by third parties
- changes in circumstances or the happening of any event which is outside of our control which means that the Policy Provisions operate in a way which is unfair to you or our other policyholders
- changes resulting from the introduction of new systems, services, and changes in technology outside of our control
- changes in circumstances or the happening of any event which is outside of our control and which makes it impossible, impracticable or economically unviable for us not to make a change to the Policy Provisions, provided that any such change is not unfair to you or to our other policyholders or
- changes required to remedy obvious errors.

We reserve the right from time to time by giving you 30 days' written notice, so far as it is practicable to do so, to make changes or additions to these Policy Provisions for any administrative or other reason not set out above, provided that any such amendment does not adversely affect any of the Benefits under your Bond derived from any Investment Amount accepted by us before the date of amendment.

If we decide to alter your Bond at any time we will tell you by issuing an endorsement which will record the change to the Bond. The endorsement will change or add to information that appears in the Policy Provisions or Policy Document. When you read these Policy Provisions after a change or addition has taken place, you should read any references to the Bond as though they referred to the Bond as changed or added to by the endorsement.

### **1.5 Checking Your Identity**

It is your responsibility to inform us of any changes or updates in any personal information you provide to us. You must provide us with information about your identity and tax residence upon request at any time (including after you have closed your Bond). This may include information about the identity and tax residence of individuals associated with you where your Bond is not held by an individual. You acknowledge that we may also be required to disclose this information and other personal data to the tax authority(ies) of your country(ies) of tax residence or HMRC, and otherwise cooperate with formal requests from such tax authority(ies).

We and the Phoenix Group to the extent allowed by law and Financial Conduct Authority rules do not accept liability to you or any other person entitled to benefit under your Bond for any loss that may be incurred as a result of you or your adviser failing to provide us with information or providing incorrect information.

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## 2) INVESTMENT MATTERS

### 2.1 The Funds

#### 2.1.1 What Funds are available?

For details on the Funds available please refer to the Investment Bond Fund List.

This is updated from time to time and is available from your Financial Adviser, online, or from us on request.

#### 2.1.2 Fund structure

Each Fund is divided into Units. Funds are 'open-ended' – their size will fluctuate as Units are created or cancelled to match supply and demand. Units allocated to your Bond determine the Benefits accruing to you. However, you do not have any direct ownership rights to these Units.

#### 2.1.3 Creating and cancelling Units

Units are created or cancelled on each Valuation Day by paying into, or taking out of, the Fund an amount representing the value of these Units. The value is worked out by multiplying the number of Units being created or cancelled by the Price prevailing on the Valuation Day.

#### 2.1.4 Managing the Funds

The assets in the Funds are managed by investment managers appointed by us or by External Fund Managers. The Funds contain only investments allowed by rules made under FSMA or any replacement of that Act.

#### 2.1.5 Valuing the Funds

On each Valuation Day we work out the value of each Fund. We or the External Fund Manager will select a time of day at which the value of each asset of the Fund or Underlying Fund (as applicable) is determined.

This will:

- not exceed a value based on the buying price for the asset at the appropriate time of day plus the cost of buying and,
- not be less than a value based on the selling price for the asset at the appropriate time of day less the cost of selling.

The following will be deducted from this value:

- The Fund's and/or Underlying Fund's share of any taxes, including any potential taxes and levies imposed (including those imposed upon us by the Financial Services Compensation Scheme)
- Any costs incurred in valuing, managing, maintaining, buying and selling assets including the Fund Expenses
- Any other liabilities for which it is reasonable for us or the External Fund Manager to say the Fund or Underlying Fund should take a share and
- The Annual Fund Management Charge multiplied by the number of days since the last Valuation Day divided by 365 and multiplied by the value of the Fund.

In valuing each Fund:

- Units of other Phoenix Wealth funds held will be valued at their prevailing Price
- where a Fund invests in other Phoenix Wealth Funds, tax provisions are calculated for each of the individual Funds held within the Fund and no further tax is applied. Please refer to our Unit Linked Principles and Practices document for more details of how tax is applied to different types of Fund. Details of how this can be obtained are available on page 15 of this document and
- income of the Fund will be taken into account at the time the Fund becomes entitled to receive that income, whether or not it has actually been received, to the extent that this is appropriate.

#### 2.1.6 Price

There is a single Price calculated for each Fund at which Units are bought and sold. The Price of each Unit is calculated by dividing the value of each Fund (after the deduction of any applicable charges as set out in section 2.1.5) by the number of Units that make up that Fund, rounded by not more than three decimal places.

#### 2.1.7 Our power to delay the creation or cancellation of Units

We may, at our discretion, defer the creation or cancellation of Units in one or more Funds if this is, in our reasonable opinion, necessary to avoid causing serious disadvantage to any policyholders whose benefits are linked to those Units.

The circumstances in which we may defer the creation or cancellation of Units in a Fund are as follows:

- during any period when any of the main stock exchanges or markets are closed or when dealings are restricted or suspended
- if anything happens which would mean that selling or valuing assets of the Fund would be impractical or impossible without a significant reduction in the value of the asset, or during any time when we cannot realise our investment in the Underlying Fund
- during any breakdown in any system of communication (including computer systems) that is normally used in working out the Price or value of any assets of the Fund or Underlying Fund or in deciding Prices on any stock exchange or market
- if anything happens that prevents the External Fund Manager from determining the value of assets in the Underlying Fund or supplying us with adequate information to value the Underlying Fund
- during any period when we cannot realise sufficient cash to make payments on the cancellation of such Units due, for example, to a substantial number of policyholders wishing to cancel Units in a Fund at the same time

- during any time when any transfer of funds involved in the realisation of or purchase of assets or payments due on the cancellation of Units cannot, in our or the External Fund Manager's reasonable opinion, be effected at normal rates of exchange and/or,
- if we reasonably believe that due to circumstances beyond our control continued dealing in Units may not be fair to all potentially affected policyholders.

If it is necessary for a transaction to be deferred we will notify you and, where possible, provide an estimate of when the period of deferment will end. Upon receipt of such notification, you may either cancel the transaction or instruct us to action it at the end of the period of deferment.

The subsequent creation or cancellation of Units after a period of deferment will be calculated using the Price applicable for such Units at the end of the period of deferment.

### **2.1.8 Withdrawal of available Funds**

We reserve the right to withdraw an available Fund in which you have Units by closing that Fund and requiring you to switch all Units in that Fund to another available Fund.

The withdrawn Fund would then cease to be available for any Additional Investment Amounts, including switches into that Fund. We will endeavour to give you at least 30 days' prior written notice if you have Units in a Fund that is being withdrawn.

We may also close a Fund solely for Additional Investment Amounts, including switches into that Fund. In this case we will not require you to switch any Units you have in that Fund to another available Fund. We will endeavour to give you at least 30 days' prior written notice if you have selected a Drip-feeding or Portfolio Rebalancing option that may require a future switch into a Fund that is being withdrawn.

We reserve the right at any time to close any Fund completely or to Additional Investment Amounts, provided we believe it is reasonable to do so and it is for one of the following reasons:

- we are unable to continue to invest in that Fund because of changes to statutory requirements or other legal or regulatory requirements
- the charges we incur for making the Fund available are increased so that the Fund becomes uneconomic to maintain
- the total value of the Fund assets under management falls to a level at which we, in the opinion of our Actuary, can no longer manage the Fund effectively
- we consider that the Fund no longer meets our strict selection criteria (namely, that the investment objectives or the risk characteristics of the Fund have materially changed or can no longer be attained)

- any of the Underlying Funds are withdrawn, converted or merged
- the compliance or regulatory costs associated with offering the Fund have materially increased and/or,
- for any other reason provided it does not cause you serious disadvantage.

Unless we are unable to do so due to statutory requirements, or other legal or regulatory requirements or for any other reason that is outside our control (for example where we do not receive sufficient notice from the External Fund Manager) we will endeavour to give you at least 30 days' written notice of the date from which a Fund will cease to be available completely or for Additional Investment Amounts only. This is to give you time to notify us how you want to reallocate the money from the withdrawn Fund to the remaining available Funds. Where we are unable to give you 30 days' notice we will give you as much notice as is reasonably practicable.

If, by the date a Fund is withdrawn, you have not notified us how you want to invest the amounts that were previously invested in the Fund that is being withdrawn and/or future payments including switches, then we may substitute Units in the relevant Fund with Units to the same value in any other Fund available to your Bond as we determine is reasonably comparable and notify you accordingly.

### **2.1.9 Addition of Funds**

We may make other Funds available to you. The Investment Bond Fund List shows the Funds available to you from time to time.

## **2.2 Unit allocation**

### **2.2.1 When we credit Units to a Bond**

Any Investment Amount we receive will be used to buy Units in the Funds that have been selected by you and notified to us.

Units will be purchased in accordance with the investment process that is set out in the Fund Dealing Guide.

### **2.2.2 Choosing the Funds to which the Bond is linked**

Your Policy Document shows the Fund or Funds that you chose in your application form as the Fund(s) you would like your Bond initially linked to.

### **2.2.3 Number of Units we credit to the Bond**

To work out how many Units to credit to your Bond for each Investment Amount we receive, we multiply the Investment Amount by the Investment Content and divide by the Price that applies on the Allocation Date. Where you invest in more than one Fund we will divide the Investment Content proportionately between your chosen Funds.



## **2.3 Switching Funds**

### **2.3.1 Switching Units of one Fund for Units of another**

You can tell us in writing at any time to switch some or all of the Units of a particular Fund or Funds currently allocated to your Bond for Units of one or more other Funds in the proportions you tell us.

### **2.3.2 Date we will make the switch**

The investment process relating to the switching of monies between Funds is set out in the Fund Dealing Guide.

Switches out of and into Funds will happen on the same Valuation Day. If a switch is due on a day that is not a Valuation Day it will take place on the next Valuation Day.

### **2.3.3 How we make the switch**

Where a switch is made, Units will be surrendered in the existing Fund and the proceeds used to purchase Units in the replacement Fund.

### **2.3.4 Drip-feeding**

You may select this option at any time subject to any conditions we may impose at the time this option is selected. We will carry out your instructions as supplied to us until you notify us otherwise. The minimum Drip-feeding period is one month and the maximum is ten years. The frequency of Drip-feeding can be monthly, quarterly, half-yearly or annually. The first switch will take place at your chosen frequency after the Commencement Date.

This option may be stopped at any time by writing to us, but we must receive your instruction at least seven days before a Drip-feeding switch. If the instruction to stop Drip-feeding is received by us less than seven days before a Drip-feeding switch, then the instruction may not be processed in time and that switch will still take place but subsequent switches will be stopped.

This option can also be started at anytime by sending us the relevant application form. We must receive this at least seven days before a desired Drip-feeding switch, otherwise the instruction may not be processed in time for that switch and will therefore be actioned for the following switch.

The day and/or frequency that Drip-feeding occurs may also be altered if we receive your instruction at least seven days before a Drip-feeding switch.

Funds may be switched at anytime, however, where Drip-feeding is in place in a particular policy, it will cease if we receive a Fund switch instruction for that particular policy.

You cannot apply Drip-feeding at the same time as Portfolio Rebalancing to a particular policy within your Bond. If we receive an instruction to begin Drip-feeding, any Portfolio Rebalancing in place for that particular policy will cease.

Drip-feeding will automatically cease if ownership of the Bond is transferred.

Drip-feeding will be stopped if one of the Funds in which you are invested is closed to new investments.

If Drip-feeding ceases then you will need to supply us with new instructions when you wish it to recommence.

### **2.3.5 Portfolio Rebalancing**

If you have selected this option, we will automatically switch Units in your Bond in accordance with your instructions. The frequency of Rebalancing can be monthly, quarterly, half yearly or annually.

Portfolio Rebalancing will commence on the date you specify and will be applied to your Bond at the frequency you have selected. The date specified must be between the 1st and 28th of a calendar month. Where no date is specified, the default will be to use the Commencement Date as the starting point. Where the Commencement Date falls between the 29th and 31st of a calendar month, Rebalancing will begin on the next Valuation Day after the 31st of that calendar month. Where a Rebalancing switch falls due on a day that is not a Valuation Day, then that switch will take place on the next Valuation Day after the 31st of that calendar month.

This option may be stopped at any time by writing to us, but we must receive your instruction at least seven days before a Rebalancing switch. If the instruction to stop Portfolio Rebalancing is received by us less than seven days before a Rebalancing switch, then the instruction may not be processed in time and that switch will still take place but subsequent switches will be stopped.

This option can also be started at anytime by sending us the relevant application form. We must receive this at least seven days before a desired Rebalancing switch, otherwise the instruction may not be processed in time for that switch and will therefore be actioned for the following switch.

The day and/or frequency that Portfolio Rebalancing occurs may also be altered if we receive your instruction at least seven days before a Rebalancing switch.

Funds may be Rebalanced at anytime, however, where Portfolio Rebalancing is in place in a particular policy, it will cease if we receive a Fund switch instruction for that particular policy.

You cannot apply Portfolio Rebalancing at the same time as Drip-feeding to a particular policy within your Bond. If we receive an instruction to begin Portfolio Rebalancing, any Drip-feeding in place for that particular policy will cease.

Where an annual statement is produced between Rebalancing switches, the asset allocation will not represent the original Fund allocation chosen. This is because your Bond is only Rebalanced to your chosen Fund allocation on your specified dates.

Portfolio Rebalancing will automatically cease if ownership of the Bond is transferred.

Portfolio Rebalancing will be stopped if one of the Funds in which you are invested is closed to new investments.

If Portfolio Rebalancing ceases then you will need to supply us with new instructions when you wish it to recommence.

Where a regular Withdrawal has also been selected the payment will always be made before the Rebalancing switch takes place.

### **2.3.6 Restrictions on switching**

We reserve the right to:

- refuse or delay requests for the switching of Units
- limit the number of switches of Units or
- impose charges for switching of Units,

where we have reasonable grounds to suspect that such switching arises from policyholders engaging in:

- activities aiming to take unfair advantage of market timing opportunities
- a pattern of short-term or excessive trading or
- trading patterns likely, in our reasonable opinion, to be disruptive to Unit pricing of the affected Funds.

In exercising our discretion, we will take into account a policyholder's switching history in a particular Fund or across all Funds, aggregate value of holdings of Units in Funds and/or whether the policyholder is also a trustee of a Bond acting for one or more beneficiaries.

## **2.4 Cash Value**

The Cash Value is what the Bond is worth if it is cashed in.

To calculate the Cash Value on the Cash Value Date we:

- work out the number of Units credited to your Bond then
- multiply the number of Units held under your Bond by the applicable Price on the Cash Value Date to give us the value of all the Units credited to your Bond and
- add on any Investment Amounts we have received but which we have not yet converted to Units.

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# 3) GENERAL MATTERS

## 3.1 When the Bond starts

The Bond starts on the Commencement Date.

## 3.2 Charges

### 3.2.1 Fund Management Charge

The Fund Management Charge for each Fund is an annual percentage rate set by us and may be changed at any time. It is deducted from Funds on Valuation Days and reflected in the Unit Price for those Funds. The charge varies per Fund and is set out in our Investment Bond Fund List, a copy of which is available on request.

We may increase the Fund Management Charge if there is an increase in the percentage of the Fund required to cover the costs and expenses of the Fund, and/or an increase in the costs and expenses we incur in providing the Bond resulting from future changes, provided our Actuary considers such increase to the Fund Management Charge to be reasonable.

The circumstances that could lead to such an increase in our costs and expenses are:

- Changes in tax rules, legislation or regulatory requirements or the way such rules are interpreted or applied in practice
- Our staff or overhead costs being higher than expected
- Increases in the costs of administration or
- Increases in the costs of the External Fund Manager.

Any increase necessary will be fair, reasonable and in proportion to the increase in costs and expenses we incur.

If we increase the Annual Fund Management Charge on a Fund in which you have Units, we will give you the following notice:

- a) Where the increase is being made by us due to a change in the External Fund Manager's charges, we shall endeavour to give you not less than 30 days' notice. If we are unable to give you 30 days' notice we will give you as much notice as is reasonably practicable
- b) In all other circumstances we will give you not less than 30 days' notice of the increase.

By reserving the right to make increases in the Annual Fund Management Charge, we are also able to maintain the capital we are required to hold by the Financial Conduct Authority at a level which would avoid having to apply generally higher charges to the Bond.

Where the assets of one Fund include Units in another Fund we will ensure that there is no duplication of the Annual Fund Management Charge.

## 3.2.2 Fund Expenses

The Fund Expenses are determined by the External Fund Managers and vary frequently. They are in addition to the Fund Management Charge, are deducted from the Underlying Fund on a daily basis and are reflected in the Unit Price. We review and update the Fund Expenses shown in our literature annually (or more frequently if notified by the External Fund Manager that the Fund Expenses have changed). This means that if the External Fund Manager changes the Fund Expenses more frequently than our literature is reviewed, the actual Fund Expenses may be different to those detailed on your illustration or shown in the Investment Bond Fund List from time to time.

## 3.3 Adviser Payments

### 3.3.1 Adviser Charges

If you make changes to your existing Bond, and you want to pay your Financial Adviser for advice or services, you will need to do this through Adviser Charges.

Paying for advice and services in relation to your Bond must be agreed separately between you and your Financial Adviser. You can pay either:

- directly, in which case you need to speak to your Financial Adviser to arrange this or
- through the money you invest in your Bond.

In either case the arrangement is between you and your Financial Adviser.

Where any Adviser Charge due would take the Cash Value of your Bond below the Residual Value we will not pay the Adviser Charge. Because Adviser Charges are agreed separately by you and your Financial Adviser, we will not be liable to you or anyone else in respect of payment of Adviser Charges in these circumstances and you will need to settle all outstanding Adviser Charges directly with your Financial Adviser. We will contact you or your Financial Adviser in these circumstances.

If you change your Financial Adviser, cancel an instruction to us to facilitate the payment of Adviser Charges or in any other situation where it is not reasonably possible for us to facilitate a payment, you will be responsible for settling any outstanding Adviser Charges directly with your Financial Adviser.

If you cancel any Additional Investment Amount, within the cancellation period, any Adviser Charges we have taken from your Bond in relation to that transaction and paid your Financial Adviser, up to the point we receive your notice to cancel the transaction, will be refunded in full. Your Financial Adviser will be responsible for paying back to us any payments we have made to them. 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 your Financial Adviser how these will be settled.

To allow us to facilitate the payment of Adviser Charges through your Bond, you will need to complete an Adviser Charges payment request form. If we don't receive a form, Adviser Charges must be paid outside of your Bond. For a one-off Ad hoc Adviser Charge, we will accept written instructions from you and you do not need to complete an Adviser Charges payment request form.

Where your Financial Adviser notifies us that the service they provide to you is being transferred to a new firm, and we are satisfied that you have been adequately notified of this, we will pay any Adviser Charges to the new firm without the need for a new Adviser Charges payment request form. Where we receive any such notification from your Financial Adviser we will confirm this to you and, unless you instruct us otherwise, we will deem this to be your consent to make this change. The change will be deemed to be reflected in your Adviser Charges payment request form.

You must notify us if you terminate your relationship with your Financial Adviser or appoint a new Financial Adviser. If you appoint a new Financial Adviser and you want Adviser Charges to be paid through your Bond, you must complete a new Adviser Charges payment request form.

We shall not be responsible for:

- the agreement or settlement of any Adviser Payments, or any other payments with any Financial Adviser, whether the payment of those is facilitated through your Bond or not and
- any or all losses, costs, actions, proceedings, claims and demands which may be incurred by you or brought or made against us arising directly or indirectly from the payment or non-payment of any Adviser Payments, whether the payment of those is facilitated through your Bond or not, other than as a direct result of our negligence, wilful default or fraud in facilitating the payment of such Adviser Payments through your Bond.

### **Initial Adviser Charge**

You can pay this charge (as a fixed amount or a percentage) when you pay an Additional Investment Amount.

### **Ongoing Adviser Charge**

You can pay a regular payment for the ongoing advice and services your Financial Adviser has agreed to provide you with. It can be a fixed amount or a percentage of your Bond's Cash Value. You can pay monthly, quarterly, half yearly or annually.

### **Ad Hoc Adviser Charge**

You can agree with your Financial Adviser to pay a one-off charge for the advice they give, as and when the advice is received. It must be a fixed amount.

### **Discounted Gift Trust**

If you set up your Bond under a Discounted Gift Trust, you cannot alter your regular withdrawals after the Commencement Date.

The trustees can stop, or alter, paying an Ongoing Adviser Charge to a Financial Adviser from the Bond. If they do this, in certain circumstances, Her Majesty's Revenue & Customs could seek to re-calculate the inheritance tax discount. This means that any potential inheritance tax charge on death may be altered.

The trustees will not be able to facilitate the payment of Ad hoc Adviser Charges from the Bond in relation to this type of trust. The trustees will need to settle any such payments directly with the Financial Adviser and, if this action is taken, there may be tax implications.

### **3.3.2 Flexible Adviser Remuneration (FAR)**

If you have a Bond where you received advice before late 2012 you may be paying your Financial Adviser through FAR. This arrangement will continue, however, due to regulatory changes, from late 2012 it will not be available to you as a method for paying for advice on existing Bonds where advice and services are given.

This means that you can reduce the amount you pay your Financial Adviser through FAR or cancel the arrangement, but you cannot increase the amount you pay.

From late 2012, any new payments to your Financial Adviser for advice or services will need to be made through Adviser Charges.

If you are still paying recurring FAR payments to your Financial Adviser for the ongoing advice you receive for your Bond, these will continue. These payments are deducted from your Bond as a percentage or a fixed amount as previously agreed with your Financial Adviser. You can agree with your Financial Adviser to stop recurring FAR and replace it with an Adviser Charge.

### **3.3.3 How we take Adviser Payments**

We will cancel the required number of Units in your Bond to make the Adviser Payments. Units will be cancelled in proportion to the number of Units in each Fund across all Funds within each policy that makes up your Bond.

### **What Happens When You Die**

When we receive written notification of your death, payment of any Adviser Charges from your Bond will stop. Any outstanding payments that are due to your Financial Adviser may still need to be settled. The executors or administrators of your estate will be able to authorise a one-off Ad hoc Adviser Charge through your Bond to pay a Financial Adviser.

If your Bond is set up under a trust where the death of the settlor does not automatically cause the bond to end (while the lives assured remain alive), then any Adviser Charges will continue until we are instructed otherwise by the trustees.

### **3.4 Loyalty bonus**

A bonus of 0.5% of the Cash Value will be allocated to the Bond on the 10th anniversary of the Commencement Date. We will credit extra Units in proportion to the number of Units in each Fund across all Funds within each policy that makes up your Bond.

The bonus will not apply to any Additional Investment Amount received after the eighth anniversary of the Commencement Date.

### **3.5 Benefits**

3.5.1 Before Benefits are paid you must satisfy us that:

- a) A Benefit has become payable and
- b) You are legally entitled to receive that Benefit.

You must also return the Policy Document to us and fill in any claim form that we may reasonably require.

#### **3.5.2 Death Benefit**

The Death Benefit will be calculated as a percentage of the Cash Value on the Cash Value Date.

If the Commencement Date of the Bond is prior to 1 April 2005, the Death Benefit percentage will be as follows:

- where the age of the Life Assured (or youngest Life Assured where there are two or more Lives Assured) was below 75 on the Commencement Date, the Death Benefit percentage will be 101%
- where the age of the Life Assured (or youngest Life Assured where there are two or more Lives Assured) was over 75 on the Commencement Date, the Death Benefit percentage will be 100.1%.

If the Commencement Date of the Bond is on or after 1 April 2005, the Death Benefit percentage will be 101% regardless of the age of the Life/Lives Assured on the Commencement Date.

### **3.6 Cashing-in a policy**

#### **3.6.1 When a Bond or policy can be cashed-in**

You can cash-in the entire Bond or any number of policies within the Bond at any time.

#### **3.6.2 The amount payable**

The amount payable will be the Cash Value on the Cash Value Date.

#### **3.6.3 Procedure for cashing-in a Bond**

If you wish to cash-in all or some of the policies within your Bond, you must ask us for a One-off Withdrawal and Cash-in Form which must be completed by you to our reasonable satisfaction before your request can be processed.

Payment of any amount will be subject to the terms of sections 2.1.7 and 4. If all the Units allocated to the Bond are cashed-in then the Bond will come to an end.

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.

If you cash-in 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 any outstanding charges will be settled.

### **3.7 Additional Investment Amounts**

Except where the Bond is under a Discounted Gift Trust (in which case Additional Investment Amounts cannot be made), provided we agree, you may pay Additional Investment Amounts into the Bond at any time after the Commencement Date, without limit, subject to the following:

- Any Additional Investment Amount will be spread evenly throughout all the policies making up your Bond unless you specifically request otherwise.
- The total Additional Investment Amount paid into all policies making up your Bond must be no less than £1,000 on each occasion. This amount will be reviewed by us from time to time and may be increased in line with the Retail Prices Index.
- Any Additional Investment Amount paid into the Bond will be subject to our standard terms and conditions in operation at the date it is received which may vary from the terms and conditions stated in these Policy Provisions. Before you enter into a commitment to pay an Additional Investment Amount we will advise you of the terms and conditions that will apply.

### **3.8 Notices affecting the Bond**

You should send notice of any changes affecting your Bond to our address detailed on the back page. We will tell you if it changes.

Notice of a claim must be given in writing.

Any notice we need to send you will be in writing and will be sent by post to the most recent address you have given us. We will assume you have received the notice two Business Days after we posted it.

We will not action instructions from you until such information as we may reasonably require is received at our Head Office address.

### **3.9 Law**

We and you have a free choice about the law that can apply to a contract. We propose to choose the law of England and Wales and by entering into this contract you agree that the law of England and Wales applies.

Benefits will be payable in pounds sterling and subject to applicable law and regulations.

If at any time there is any change in tax or other laws or rules which affect us, your Bond, or any Fund, then we may adjust the Benefits and terms and conditions of your Bond as we consider necessary.

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# 4) WITHDRAWALS

## 4.1 Types of Withdrawals

You may choose to make one-off Withdrawals or regular Withdrawals on a monthly, quarterly, half-yearly or yearly basis, subject to the remainder of this section.

## 4.2 Requesting Withdrawals

Subject to sections 2.1.7, 4.3 and 4.4, you may request Withdrawals:

- at any time after the Bond has been issued, by giving us at least 30 days' notice in writing.

## 4.3 Conditions

- You can take Withdrawals from one specific policy, a number of policies, or all of the policies making up your Bond.
- Regular Withdrawals will start on the date you specify and then continue at your chosen frequency.
- Following each Withdrawal, the number of Units held in the specific policies from which you have taken the Withdrawal will be reduced. The reduction in Units will be such that the value of the Units cancelled will be equal to the amount of the Withdrawal. The value of Units will be calculated as the number of Units multiplied by the applicable Price on the Valuation Day on which the Withdrawal is processed as set out in the Investment Bond Fund Dealing Guide.
- Withdrawals are not permitted where they would cause the Cash Value of your Bond to go below the Residual Value except where the Withdrawal is made to satisfy the Donor's or Settlor's entitlement to capital payments if the Bond is held under a Discounted Gift Trust.
- If Drip-feeding has been selected Withdrawals must be taken from all Funds in proportion to the value of Units in each Fund.
- No Withdrawals will be permitted unless we are in receipt of a valid instruction.

## 4.4 Altering and ending regular Withdrawals

If you wish to:

- alter the frequency or amount of Withdrawals or
- end a regular Withdrawal

(except for a Bond under a Discounted Gift Trust) you may do so at any time by giving us notice in writing at least 30 days before the relevant change is to take place. You will not be permitted to alter, or end, withdrawals from a Bond set up under a Discounted Gift Trust following the Commencement Date.

## 4.5 Cessation of Withdrawals

Withdrawals will immediately cease:

- upon notification of Death
- upon full encashment of the Bond
- upon assignment of the Bond – new Withdrawal instructions will be required from the new owner if Withdrawals are to continue or
- if on any Valuation Day when a regular Withdrawal is due or an ad-hoc Withdrawal is processed, the Cash Value of the Bond does not exceed the amount of the proposed Withdrawal by the Residual Value, then subject to section 4.3 we will pay that part of the Cash Value (if any) which does exceed the Residual Value and no further Withdrawals will be permitted.

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# EXPLANATORY NOTES

These notes do not form part of these Policy Provisions but we have included them in this booklet to explain some of the terms it includes.

## **'Successors in title to the Bond' (meaning of 'you', 'us' etc.)**

It is important to know who has 'title' to the Bond because it is this person who normally has the legal right to make claims for Benefits under the Bond and to exercise any option contained in the Bond.

Usually the Owner has title to the Bond and where there are two Owners they have joint title. Under some circumstances, title may be passed to someone else.

For example:

- In the case of joint ownership of the Bond, on the death of the first Owner to die, title automatically passes to the surviving Owner. If joint Owners die in such circumstances that we cannot find out who died first, we will treat them as dying in the order in which they were born for the purposes of determining who has title to the Bond.
- On death of the last Life Assured, any Death Benefit will be payable to the Owner or Owners. If the Owner or Owners have already died, the Death Benefit will be payable to the executors or administrators of the Owner's estate or, in the case of joint Owners, to the executors or administrators of the estate of the last Owner to die.
- If the Bond is legally assigned or mortgaged to a third party, title will normally belong to the bank, building society or other company or person to whom the Bond is assigned or mortgaged. However, with mortgages, the passing of title is often not complete so that in some cases we may require the Owner's instructions also before we can make any payment.
- If the Bond is subject to a trust the legal title will be held by the trustees.

## **Interest**

If for any reason we pay the Death Benefit more than one month after the Cash Value Date, we will add interest at a reasonable, commercial rate to the Death Benefit. We are required by law to deduct tax from interest payments.

## **Unit Linked Principles and Practices**

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

If you don't have access to the internet, or would prefer a paper copy, please call us on 0345 129 9993.

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# 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.

## **Customer Status**

As a Retail Client, you are provided with the highest level of regulatory protection available when complaints and compensation amounts are considered. You will receive information in a straightforward way.



## FINANCIAL ADVISER

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

Please note that 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 your 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](http://unbiased.co.uk)**

## CONTACT US

If you would like more information about your 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 **[phoenixwealth.co.uk](http://phoenixwealth.co.uk)**

Write to us at

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

Phoenix Life Limited, trading as Phoenix Wealth, is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Phoenix Life Limited is registered in England No. 1016269 and has its registered office at: 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.