

IMPORTANT INFORMATION

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Your investment bond options

A reminder of the benefits and features of your investment bond

Your bond

Your bond is designed as a flexible way to invest. It provides you with life cover and also allows you to take regular withdrawals, one off lump sums as well as change your investment choices to meet your needs.

This leaflet explains some of the key options and alternatives available to you. If you would like to discuss any of the options in more detail please call us or, if you require advice, please speak to a financial adviser.

If your policy starts with a US then please call us on

0870 333 3683

For all other policies please call us on

08700 500 263

we will be happy to discuss the options available to you.

Call charges will vary.

We may record and monitor calls.

Important note in relation to surrender values in any enclosed documentation

For investments in unit linked funds the value quoted is for illustration purposes only and is based on the unit price at the date of the illustration. The value is not guaranteed due to changes in unit prices.

For investments in With Profits the value has been based on the current interim and final bonus rates (which may be zero). These bonus rates are not guaranteed and can be removed or changed without notice.

In either case the actual amount payable will be based on the price and/or bonuses on the date that all relevant documentation is received.

Making the most of your investment bond?

Your circumstances may have changed since you took out your bond, or you may simply be looking at other ways to invest your money. Whatever the reason we would like to make sure you have the following information before making any decisions.

Features of your bond

These vary from bond to bond, and from individual to individual, but some of the most common features are:

Access to your money

You can withdraw all or some of your investment at any time. How and when you choose to take your money may effect the amount you receive and the tax that you may pay.

The options are:

- *Take a one off lump sum*

If you need some money now, you don't have to cash in all of your bond. You can take money from your bond and leave the rest invested.

- *Make regular withdrawals from your bond*

We can set up your bond so that you receive payments on a monthly, quarterly, half yearly or yearly basis.

- *Cash-in all of your bond*

You could choose to take all the money out of your bond.

Things to consider

There are limits on the amount of regular withdrawals you can make from your bond. You should remember that any money you take will reduce the remaining value of your investment and may be subject to a tax charge. Please see your Key Features for further details.

Tax

You may have to pay income tax if you are a higher rate taxpayer when you take money from your bond or you become a higher rate taxpayer because of the money you receive from your bond.

How much tax you pay on the money you take out of your bond depends on your individual circumstances. You may be able to take some money out without paying tax immediately.

Taking money out of your bond can also effect your eligibility for the Age Allowance, Working Tax Credit or Child Tax Credit.

A financial adviser will be able to provide you with advice on the best way to take money out.

Early surrender charge

On some bonds we apply a charge if you cash in some or all of your bond (other than regular withdrawals within certain

limits) at any time in the first five years (for most bonds) or seven years (for Portfolio Bond - High Allocation) from the date of each investment.

If you are near to the end of the period when an early surrender charge will apply you should consider delaying cashing in your bond.

Investing in a new bond

If you surrender your bond and invest in another you should remember:

- You will lose the potential tax benefits built up under your existing bond.
- You may have to pay new set up charges.
- You may have to pay surrender penalties if you take money out of your new bond. These may apply, for example, in the first five years from the date of each investment.

Additional consideration for With Profits Bond customers

Market Value Reduction

If you take money out of your bond we may reduce the value of your With Profits investment by a Market Value Reduction.

We use Market Value Reduction to treat With Profits customers fairly, whether they stay in With Profits, or withdraw from it early. We'll usually apply a Market Value Reduction when investment conditions have been insufficient to support bonuses.

We guarantee that a Market Value Reduction will **not** apply to regular income withdrawals that are not higher than the interim bonus rate.

Contractual additions

Some of our With Profits bonds have a guaranteed minimum amount by which they will grow each year. The amount depends on the year in which we received your investments. If you take money out of your bond you'll lose this guaranteed growth amount on the amount you withdraw. You can see if a contractual addition applies to your bond by checking your yearly Bonus Statement.

Capital guarantees

Some of our With Profits Bonds include a guaranteed return of at least the amount you invested (less any withdrawals you have taken).

These guarantees apply on set anniversaries from the date you made your investment(s). Normally on the 5th or 10th anniversaries, or on both.

If you surrender at a time other than when the guarantee applies, or on some With Profits Bonds if you make one off withdrawals, you may lose the rights to the capital guarantee.

To see if capital guarantees apply to your bond please see your contract document.

I want to change my investment strategy

Your investment needs, or the level of risk you wish to take with this investment, may have changed since you took out your bond. To allow you to keep your investment options open your bond includes alternative funds into which you can normally switch all or part of your investment.

The funds available cover most attitudes to risk and allow you to invest in most types of investments as well as both UK and international markets.

Switching is normally free. To find out which funds are available under your bond, and to receive a switch instruction form, please contact us.

Things to consider

Charges

The level of charges that apply to the fund(s) you switch into may be different to your current funds.

Level of risk

You should consider the level of risk that you are taking when choosing the fund into which you're switching all or part of your investment.

People have different attitudes towards the trade off between risk and reward. An adviser will help you assess your individual attitude to these issues.

Other things to consider if you have a With Profits Bond

As well as Market Value Reductions, Contractual Additions and Capital Guarantees, which we covered in the 'Access to your money' section (page 4) you should also consider the following if you are switching your investment out of With Profits.

Minimum investment period

You cannot switch out of With Profits until after the fifth anniversary of your initial investment into your With Profits Bond.

All or nothing

Any switch out of With Profits must be for your total investment and once you have switched out you cannot switch back into With Profits.

Death benefit

Your bond includes a level of death benefit. This means that the amount payable on the death of the last life assured named on the bond would be between 0.1% and 1% higher than the fund value depending on the type of bond you have.

By taking money out of your bond the extra amount payable on death will be reduced.

We guarantee not to apply an early surrender charge and for With Profits Bond customers we will not apply a Market Value Reduction on payments if you die.

Trusts

If your bond is written in a trust, you should speak to a financial adviser before making any decisions.

Taking money from your bond may require the agreement of all trustees and may effect both your inheritance tax position and the tax payable on the trusts.

Further information

This document provides general information about our life investment bonds. For more information please see your contract documents. Your policy details and contract documentation override any information or terms outlined in this document.