

IMPORTANT INFORMATION

This information may be downloaded to your PC in whole or in part provided that any reproduction or copy, or any derivative, is true to the original, and it is EITHER used for personal use OR in support of an Agreement with Legal & General. Professional advisers who are properly authorised may use it in the process of giving financial advice relating to Legal & General products.

Copies or derivatives of the document may not be sold, marketed, or used for commercial gain.

Notwithstanding the above, Legal & General Assurance Society Limited retains ownership of copyright in all such reproductions, copies or derivatives.

Copyright © Legal & General Assurance Society Limited, 2008.  
All rights reserved.

# Considering surrendering your plan?

There may be a better solution

## **A better solution**

You may have already spoken to us but if not, before you surrender there are some things that you may want to consider. Are you losing the right to any valuable guarantees or bonuses that are payable on set dates? Are there alternatives to surrendering the whole plan such as taking some of your money or changing your investment choice? If you are cancelling one plan and replacing it with another, are there costs you should consider?

For information and help, before you take the final step of surrendering your plan, we recommend you talk to your financial adviser.

Or contact us on

**0870 333 3683**

and 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.

# Checking your options

There may be options available to you, other than surrendering your plan, that better suit your needs and your current circumstances. This leaflet deals with some of the issues involved in surrendering and looks at what other options you may have.

## Considering surrendering?

You may be thinking of surrendering your plan because:

- There has been a major change in your life (such as a separation or divorce, a house move, marriage or civil partnership).
- Your plan no longer seems to meet your needs.
- You can't currently afford to keep paying premiums.
- You would like cash now instead of in the future.

Surrendering a plan is almost always done for what seems a good reason at the time. It may even seem to be your only possible course. Before you surrender your plan, if you have not already done so, you should call us or your financial adviser. In many cases it may be possible to make new arrangements to better suit your changed circumstances.

## The disadvantages of surrendering

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

### Paying new charges

Are you surrendering one plan and replacing it with another? This means you may have to pay initial charges for the new plan. You need to take these extra charges into account when calculating the benefits of a change.

### With Profits reductions

If you are invested in With Profits we may reduce the value of your With Profits investment. We make this reduction to make sure we treat With Profits customers

fairly, whether they stay in With Profits, or withdraw from it early. We will usually apply a reduction when investment conditions have been insufficient to support bonuses.

We will NOT apply a reduction if you take your money out of With Profits at your plans maturity date.

### Contractual additions

Some With Profits contracts have a guaranteed minimum amount by which they will grow each year. If you surrender your plan, you will lose this guaranteed growth amount.

You can see if a contractual addition applies to your plan by checking your yearly bonus statement.

## Loyalty bonus

If you are invested in funds other than the With Profits fund at set dates or at maturity, or in the event of a valid terminal illness or critical illness claim, you may be entitled to a loyalty bonus.

If you surrender your plan you may lose the benefits of this loyalty bonus.

## Tax

In certain circumstances (for instance, if you are surrendering within the first 10 years), surrendering your plan may create an additional tax liability if you pay income tax at the higher rate or become liable to do so.

If you took out your plan on or before the 13 March 1984, your premiums may have been reduced to allow for tax relief on them (known as Life Assurance Premium Relief); this concession is not available on any new or replacement plan taken out after that date.

## Surrender penalties

If you surrender your plan you may have to pay surrender penalties. This will reduce the amount you will receive. The surrender penalties depend on the type of plan you have and how long you have held your plan.

To find out more please contact us.

## Loss of life insurance and critical illness cover

If you surrender your plan you will lose any life cover and, if you selected it when you took out the plan, critical illness cover.

Replacing this cover in the future could be more expensive because you're older and your state of health may have changed.

All in all, it's not a decision to be taken lightly.

## Increase and maturity options

Some of our plans include the right to take out another plan or increase the sum assured/extend the term of the existing plan.

This option does not normally require you to provide evidence of your current state of health. This means that the cover provided may be cheaper than you could find elsewhere.

If you surrender your plan you will lose these options.

To find out if these options are available under your plan please contact us.

# What could I do instead of surrendering?

## Stop paying premiums

You may be able to simply stop paying premiums under your plan.

If you stop paying premiums we may reduce the value of your plan and you may not be able to recommence contributions at a later date. We may consider reinstating your plan but you may be required to provide satisfactory evidence of your good health and pay any missed premiums.

If your plan is linked to a mortgage we may have to advise your lender if you stop making payments at any time.

If your plan includes waiver of premium to protect your regular payments if you are unable to work for more than six months because of injury or illness, this cover will cease.

## Change your payment frequency

If you are finding it difficult to pay yearly contributions it may be possible to switch your payments to a monthly basis.

## Switching funds

Your investment needs, or the level of risk you wish to take with this investment, may have changed since you took out your plan.

Some of our investment products include alternative investment options that allow you to change where your money is invested.

Switching allows you to change where your existing fund is invested and redirecting allows you to change where your future premiums will go.

If you are not invested in With Profits, other funds are normally available, but some restrictions apply. This will depend on the terms and conditions in your policy document.

If you are invested in With Profits there are restrictions on when switches and redirections (if your plan allows these) can be made. Please call us for more details.

### Take a one off lump sum

You may be able to take some of the money out of your plan, this will depend on the type of plan you have.

To find out if this is an option available to you please contact us.

### Extend your borrowing

Your preferred lender may be able to offer you a loan on the security of the plan.

You will remain responsible for continuing to pay premiums, and repaying the amount you borrow and the interest on this to your lender, usually from the money paid out when your plan matures.

### Trade your plan for a cash sum

Some specialist companies may be interested in buying your endowment from you. This is known as a Traded Endowment. In some cases the traded endowment company may offer you more than the surrender value.

Talk to your financial adviser or contact us for more information.

If you are thinking about trading your plan the considerations are the same as surrendering. You should read the 'Disadvantages of surrendering' section of this guide.

## Changes in your circumstances

### Your personal circumstances are changing

If you are separating or divorcing, we may be able to alter your plan to suit your changed circumstances.

### If you are moving and need to rearrange your mortgage

If you have a Legal & General mortgage protection plan you may be able to use your existing plan alongside your new mortgage. We may also be able to help you by reviewing your full mortgage protection arrangements.

## Need more information?

As you can see, we can often come up with solutions that you may have overlooked.

Your best course of action is to ring us, or your financial adviser, to discover what your options are, so you can make the best decision for yourself.

### IMPORTANT INFORMATION

This document provides general information in relation to our products.

For more information please see your contract documentation. Your policy details and contract documentation override any information or terms outlined in this document.