



PRODUCT GUIDE.



This is an **important document**. Please keep it safe for future reference.

GLOSSARY.

AN EXPLANATION OF SOME COMMON TERMS USED IN THIS PRODUCT GUIDE. You can keep the glossary open for easy reference while you read.

GLOSSARY.

Administration office	The office where we process Portfolio Bond business. The current details are shown in section 25 on page 38.
Allocation rate	The percentage of your money that's used to buy units .
Assets	The investments that make up a fund . For example, shares, commercial property or cash.
Authorised fund	A fund managed by an external fund manager authorised or recognised by the Financial Services Authority.
Building Society Linked Fund	As described in section 20 on page 34.
Bond	Our Portfolio Bond . It's a single premium life assurance contract made up of a series of identical policies used for investment purposes.
Bond's value	As described in section 21 on page 35.
Charging option	There are three options – initial charge, standard and high allocation. The version you choose determines the way we take charges.
External fund or funds	A fund managed by a company other than Legal & General.
External fund manager	A fund manager other than Legal & General.
Fund or funds	A collection of assets that the bond can be invested in. Legal & General or an external fund manager may manage these assets .
Fund's value	The number of units you hold in a fund multiplied by the unit price of that fund .
HMRC	HM Revenue & Customs.
Illustration	A document that forms part of the Key Features and provides a guide to how much you might get back from your investment. It's based on a number of example investment growth rates and reflects the charges you may pay over the time you're invested. It assumes that charges will remain at their current level, and your fund selection and any income remain unaltered throughout the term of your bond .
Increment	An additional investment into the bond .
Internal fund or funds	A fund managed by Legal & General, other than the Building Society Linked Fund .
Individual Investment	Each investment you make into your bond . For example, your original investment to set up your bond and three increments would make a total of four individual investments into your bond .
Life assured	The person, or persons, on whose life the bond depends as described in section 3 on page 5.
Natural income	An income option on some internal funds . Payments are made from the fund twice a year, based upon the amount of income generated by the assets in the fund , such as dividends from shares, interest from fixed interest securities and rent from commercial property.
Normal working hours	9am to 5pm on a working day .
Policy or policies	An individual insurance contract. Each policy has its own unique number and can be individually recognised. 'Policies' are all the policies that make up your bond .
Policy date	This is the date we receive your correctly completed application form, including any documents we need, and receipt of the money for your investment at our current administration office during normal working hours .
Policy year or Policy years	A policy year begins on the policy date and on the same date in subsequent years. It ends on the day before the anniversary of the policy date and on the same date in subsequent years.
Policyholder	The legal owner, or owners, of the bond .
Regular withdrawals	Regular payments from the bond used to provide an income.
Switch or switches	Changing funds .
Units	A unit is a share of a fund . Each fund is split into a series of units. The number of units you hold is your share of the fund .
Unit price or prices	A price calculated each working day that is used to value units .
Working day	Any day from Monday to Friday inclusive, excluding English public holidays.


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▶ BEFORE YOU START.

IMPORTANT NOTE

The Portfolio Bond is referred to as the **bond** throughout this guide.

PURPOSE OF THIS GUIDE

The guide gives you details of how the **bond** works throughout its lifetime. It's an important document to refer to.

The guide and **Schedule** together are the terms and conditions that are applied to your **bond**. You should keep them safely as you'll need to refer to them whenever you want to make any changes or take money out.

SCHEDULE

The **Schedule** sets out details specific to your investment. It'll be included with this guide if you've received it after investing. The **Schedule** is proof of ownership of the **bond**.

It's particularly important that you look after it as you'll need to send it to us for certain events, such as if you want to cash-in all or part of your **bond**.

TO HELP YOUR UNDERSTANDING

We've done our best to explain everything as simply as possible, however, you're likely to come across some terms you're unfamiliar with. Where possible, we've explained these where they're used. Some of the most common terms have been explained in the fold out glossary at the front of this guide. It may be a good idea to find the glossary now. We've designed it so you can keep it open while you read the rest of the guide. For ease of reference, we've highlighted the glossary terms in **blue** when we use them.

Throughout the guide we refer to 'you', 'we' and 'us'. 'You' means the owner of the **bond**, referred to elsewhere as the **policyholder**. 'We' and 'us' means Legal & General.

We apply a number of conditions to what you can and can't do, including some limits. The conditions shown are those applying at the start of your **bond**. However, we may alter some of them from time to time. We make this clear where this is the case. Whenever you need to do something with your **bond**, it's best to call us to find out whether anything has changed.

A special note about the Legal & General Protected UK Growth Fund.

If you invest in this **fund** at any time during the lifetime of your **bond**, you must read this guide together with the **Protected UK Growth Fund Guide**. Your adviser should remind you if this is the case.

i

FINDING OUT MORE

At some points we've included clear signposts (using the **i** shown alongside) which direct you to more detailed information elsewhere.

Keep an eye out for these signposts. If you'd like to see any of the other documents before investing, please ask your adviser.

▶ **IF YOU'RE UNSURE, PLEASE ASK.** If anything is unclear or you require further information, we or your adviser will be happy to help.

▶ PRODUCT GUIDE.

1. WHAT IS THE BOND?

- The **bond** is an investment that you should aim to hold for at least five years, ideally longer.
- The **bond** is what's known as a 'single premium life assurance contract'.
- It allows you to put money into a wide range of **assets** within just one investment.
- You can change where your money is invested, or take money out, at any time.
- One of the most important differences from other types of investment is that life assurance contracts are taxed differently, which can be advantageous to investors in some circumstances.

i You can find out more about tax in the **Tax** section starting on page 35.

2. HOW LONG THE BOND LASTS

- The **bond** has no fixed term, which means you can stay invested for as long as you like. It ends when the **life assured** dies, as described in the **Who can invest in the bond?** section on page 5.



3. WHO CAN INVEST IN THE BOND?

Because the **bond** is a life assurance contract, it has a **life assured** and a **policyholder**. These are named on your **Schedule**.

Life assured

- This is the person, or persons, on whose life the contract depends.
- There can be one, two, three, four, five or six people named as the **life assured**.
- Naming people other than yourself can be useful if you want the **bond** to remain invested to benefit others in the long term and/or after you die.
- The **bond** ends and is paid out when the last **life assured** dies.

Who can be a life assured?

Anybody, subject to the following age limits:

MINIMUM AGE	MAXIMUM AGE – ONE PERSON ONLY	MAXIMUM AGE – MORE THAN ONE PERSON
None	Age 89 (90 next birthday)	The youngest person must be aged 89 or less. The others can be any age under 99.

Policyholder

- The person, or persons, that owns the **bond**.

Who can be a policyholder?

- Anybody aged 18 or over. All **policyholders** must be old enough to make a legal contract.

4. HOW MUCH CAN BE INVESTED?

CURRENT MINIMUM NEW INVESTMENT	CURRENT MAXIMUM
£5,000	No limits

NOTES

- Don't forget of course that you can take money out of the **bond** whenever you like. The **life assured** is a feature of a life assurance contract.

NOTES

- The **life assured** and **policyholder** are generally the same person or people. They're likely to be different if you're using the **bond** for tax planning purposes or you want the investment to continue for the benefit of somebody else after you die. Please ask your adviser for details.
- The amount of your investment used to buy **units** depends upon the age of the **life assured**. See the **How money is invested** section starting on page 6.

5. WHEN THE BOND STARTS

- It starts on the **policy date** shown on your **Schedule**. This is the date we receive your correctly completed **Application Form** and payment for your investment.

6. HOW THE BOND'S SET UP

- We divide your **bond** into 100 identical **policies**.
- Each **policy** is identified by its own unique number, and each number represents a separate insurance contract. The **policy** numbers and the details applicable to each **policy** are shown on your **Schedule**.
- **Policies** are used to give you flexibility in the way you take money out of the **bond**, and to do it in the way that's most appropriate to your personal tax circumstances at the time.

7. HOW MONEY IS INVESTED

We use your investment (shown on your **Schedule** as 'total investment') to buy **units** in your selected **fund** or **funds**.

- The number of **units** we buy in your chosen **fund** or **funds** is based on:
 - the percentage of your investment you want to invest in each **fund**
 - the **allocation rate**
 - the **unit price** of each **fund**.

Allocation rate

- **Allocation rates** apply to all **charging options**.
- The basic **allocation rate** we use depends on:
 - the **charging option** you choose, and
 - the amount you invest, and
 - the age of the **life assured**.
- The actual **allocation rate** used for your **bond** may be higher than the corresponding basic **allocation rate** shown in the appropriate table on the next page if:
 - your adviser agrees special terms with you, and/or
 - we're applying special terms at the date of your investment.
- The amount you invest multiplied by the **allocation rate** is shown on your **Illustration** as 'Amount allocated to units'.

NOTES

- If the money you give us for your investment isn't cleared to our bank account for any reason, the **bond** is cancelled.
- You can select more than 100 **policies**. There is a £50 minimum for each **policy** and a maximum of 9,999 **policies** per **bond**.

NOTES

- Our basic **allocation rates** go hand-in-hand with the charges described in the **Charges and expenses** section starting on page 12.
- The combination of the **allocation rate** and the charges covers our costs and expenses of setting up and maintaining your **bond**.

CURRENT BASIC ALLOCATION RATES**NOTES****STANDARD CHARGING OPTION**

Investment amount	Age of the life assured. If there is more than one person named as the life assured, this table is based upon the age of the youngest person.		
	Age 60 and under	Age 61 to 74	Age 75 to 89
	£5,000 to £24,999	100.25%	100.00%
£25,000 to £49,999	100.75%	100.50%	98.00%
£50,000 to £99,999	101.25%	101.00%	98.50%
£100,000 to £249,999	101.50%	101.25%	98.75%
£250,000 and over	102.00%	101.75%	99.25%

- If the **allocation rate** shown in your **Illustration** and **Schedule** is less than 100%, we've made an initial charge. For details, please see the **Charges and expenses** section starting on page 12.
- Our experience in assessing life expectancy tells us that there is an increased chance of the **bond** ending due to the death of the **life assured** in the early years if they are aged 60 or over (with the chance increasing at age 75 or more). Therefore, where the **life assured** is aged 60 or more we use reduced unit **allocation rates** to cover some of our costs. This is due to the increased chances that we will not fully recover our costs over the longer term. This is general practice in the investment bond market.
- These **allocation rates** apply when you start the **bond**. If you add to your **bond**, the **allocation rate** used is explained in the **Adding to the bond** section starting on page 18.

INITIAL CHARGING OPTION

Investment amount	Age of the life assured. If there is more than one person named as the life assured, this table is based upon the age of the youngest person.		
	Age 60 and under	Age 61 to 74	Age 75 to 89
	£5,000 to £24,999	95.25%	95.00%
£25,000 to £49,999	95.25%	95.00%	92.50%
£50,000 to £99,999	95.75%	95.50%	93.00%
£100,000 to £249,999	96.25%	96.00%	93.50%
£250,000 and over	96.75%	96.50%	94.00%

HIGH ALLOCATION CHARGING OPTION

Investment amount	Age of the life assured. If there is more than one person named as the life assured, this table is based upon the age of the youngest person.		
	Age 60 and under	Age 61 to 74	Age 75 to 89
£5,000 to £24,999	106.25%	106.00%	103.50%
£25,000 to £49,999	106.25%	106.00%	103.50%
£50,000 to £99,999	107.25%	107.00%	104.50%
£100,000 to £249,999	107.75%	107.50%	105.00%
£250,000 and over	108.25%	108.00%	105.50%

i Your **Illustration** and **Schedule** both show the **allocation rate** used for your **bond**.

Unit price

- The **unit price**, or **unit prices**, used to buy your **units** are calculated on the second **working day** after the **policy date**.

For example:

If we receive your investment on Tuesday, the **unit price** is calculated on Thursday.

Buying units in a fund

- When we buy **units** we use the following method to calculate how many **units** we buy:

The amount being invested into a **fund** multiplied by the **allocation rate** divided by the **unit price** of that **fund**.

For example:

You invest £50,000 and choose to put 60% in **fund A**, 40% in **fund B**. We receive your investment during **normal working hours** on Tuesday.

You choose the standard **charging option** and the **life assured** named is aged under 61, so the **allocation rate** used is 101.25%.

The **unit prices** calculated on Thursday are:

Fund A – 250.00 pence per **unit**, **fund B** - 175.00 pence per **unit**.

The calculation to buy **units** in each fund is as follows:

Fund A – £50,000 x 60% x 101.25% (1.0125) divided by 250.00p (£2.50) = 12,150.00 **units**

Fund B – £50,000 x 40% x 101.25% (1.0125) divided by 175.00p (£1.75) = 11,571.43 **units**

8. UNIT TYPES

Accumulation units

- We buy these for you in all circumstances other than as described in **Distributor units** below.
- The **unit price** of accumulation units is based on the value of the **assets** held in that **fund**.
- Accumulation units do not pay a **natural income**.

Distributor units

- Some internal funds allow you to take the **natural income** that is paid by the **assets** held in the fund. We buy distributor units for you if you decide to take this **natural income**.
- The **unit price** of distributor units is based on the value of the **assets** held in that **fund**. This value includes the amount of any **natural income** accumulated in the past that has not been paid out.
- Once a **natural income** payment is made, the **unit price** of distributor units falls by an amount to reflect the **natural income** paid out.

NOTES

- You can buy either accumulation units or distributor units. It's not possible to have both in the same investment.



See the **Natural Income** section starting on page 27 for more information.

9. FUNDS

Investing in funds

- There's a wide range of **internal funds** and **external funds** available to you.
- Your **bond** can be invested in any number of **funds**, up to the maximum number allowed which can change from time to time.
- You can keep all of your investment in one **fund** or any combination of **funds**, as long as you keep at least £1,000 in each **fund**.
- If you decide to take **natural income**, you can only invest in **funds** that allow it.

i Please ask your adviser for a copy of our **Funds Summary** which contains a list of:

- all the **funds** available
- those **funds** which allow **natural income**.

Managing and valuing funds

- The **funds** available on the **bond** are managed and valued using the principles and practices described in our **A guide to how we manage our unit-linked funds** document.

i A copy of our **A guide to how we manage our unit-linked funds** is available on request from your adviser or you can download it from our website at:
www.legalandgeneral.com/investments/fund-information.html

NOTES

- When you first take out your **bond**, we tell you the maximum number of **funds** you can have in the **Key Features** document. After that, just ask us what the current maximum is.
- Our aim is to offer you a wide choice of **funds**. By making **funds** available we're not recommending them in any way. Your adviser will be able to discuss the suitability of any **fund** to meet your own personal circumstances.



External funds – important things you need to know

- It's important that you understand the following:
 - When you invest in an **external fund**, we buy you **units** in a Legal & General **fund** that invests in the corresponding **authorised fund**. You do not hold **units** directly in the **authorised fund**.
 - We don't have any influence over how **external fund** managers manage their **funds**.
 - The valuation of an **external fund** depends on the **external fund** manager providing us with information and meeting their obligations under a contract we have with them. If we value an **external fund** and then find out later that we were given incorrect information, we're not obliged to rectify the error. If we feel it's appropriate and in the best interests of being fair to all investors in the **external fund**, we may make an adjustment to the number of **units** you hold or pay compensation.
 - You do not have the same rights as you would if you invested directly into the **authorised fund**.
 - An **external fund manager** may fail to meet its obligations under its contract with us. Also, they may make fundamental changes to an **external fund**, such as changing its aim, the **assets** it invests in or the countries where it's invested. If there are any significant changes to **funds** that affect you, we'll let you know. If you need to take some action, we'll give you some options and explain what we plan to do if we don't hear back from you.

i For more details about your rights when investing in an **external fund**, please see the **Compensation** section in your **Key Features** document.

Closing a fund

- If it becomes impossible or impractical to continue with a **fund** we may decide to close it. Examples of when we might close a **fund** are:
 - If there are very few people invested in it.
 - An **external fund manager** ceases to trade.
 - An **external fund manager** closes their **authorised fund** or merges it with another of their **funds**.
 - If we have concerns about how the **fund's** being managed.

i You can find out more about changing your chosen **funds** in the **Switching between funds** section on page 21.

NOTES

- If we do close a **fund**, we'll do our best to let you know in advance and offer you a **switch** to an alternative **fund**, or **funds**.
- If you haven't chosen a new **fund** by the date of closure, we'll automatically **switch** you into the Cash Fund.

10. CHARGES AND EXPENSES

- There are a number of charges that apply to all **charging options** and some that may only apply to the **charging option** you choose.
- What follows is a list of all the charges that might apply. We explain when each one is used.
- The **charging option** applicable to your **bond** is shown on your **Illustration** and **Schedule**.

Annual fund charge

- Applies to all **charging options**.

Period of the charge

- The annual fund charge is taken from each **fund** for the lifetime of your **bond**.

Amount of the charge

- The amount of the annual fund charge varies by **fund** and may change from time to time.
- The amount of the charge is based on an annual percentage rate of each **fund's value**.
- The percentage rate applicable to your chosen **fund**, or **funds**, when you start your **bond** or add to it, is shown in your **Illustration**.
- We will tell you the percentage rate applicable to the **fund**, or **funds**, you're invested in at least once a year. We include it in your statements.

i At all times, we publish the current annual percentage rate for each **fund** in our **Funds Summary** and on our website at: www.legalandgeneral.com/investment/portfolio_bond.jsp

What the charge covers

Internal funds

- The charge reflects the costs of managing your **bond**.

External funds

- The charge consists of:
 - The charge agreed between us and the **external fund manager** to cover their day to day costs of managing the **fund**.
 - A charge in respect of our own costs.
 - An allowance for the **external fund manager's** additional fund expenses based upon what the fund manager has charged in the recent past.

NOTES

- There are additional fund expenses not included in the annual fund charge. Please see **Additional fund expenses for internal funds** in this section on page 14.

How the charge is taken

- The charge for each **fund** is taken into account when calculating the **unit price**, so you won't see any **units** being deducted for this charge on your statements. Your **bond's value** always takes account of it.

Internal funds

- We take account of the annual fund charge when calculating the **unit price** on the first **working day** of each month.
- This has the effect of reducing the **fund's value** on that day compared to the **fund's value** on the previous **working day**. The reduction is 1/12th of the current annual percentage rate of the charge, based on the **fund's value** on the previous **working day**.

For example:

An internal fund's value on the last working day of the previous month	£1,750,000
If there are 1,000,000 units held by all policyholders , then the unit price would be £1,750,000 divided by 1,000,000	175.00 pence per unit
Current annual percentage rate of the annual fund charge	1.30%
1/12th of 1.30% (0.013) multiplied by £1,750,000	£1,895.83
The fund's value remaining after deduction of the charge, assuming no other changes	£1,748,104.17
Assuming there are still 1,000,000 units held by all policyholders , then the unit price would be £1,748,104.17 divided by 1,000,000	174.81 pence per unit

External funds

- We take account of the annual fund charge when calculating the **unit price** on each **working day**.
- This has the effect of reducing the **fund's value** on that day compared to the **fund's value** on the previous **working day**.
 - The reduction is 1/365th of the current annual percentage rate of the charge, based on the **fund's value** on the previous **working day**.
 - When the **working day** is a Monday or follows an English bank holiday, we deduct multiple 1/365ths to cover the previous non-**working days**. For example, after a weekend we deduct 3/365ths on the Monday to cover the Saturday and Sunday as well.



Changing the charge

- If there's a change to the costs of running a **fund**, such as the day-to-day costs of managing the **fund**, the cost of administration or tax rules, we may increase or reduce the **fund's** annual fund charge.
- We also review the additional fund expenses for all **external funds** regularly, at least once a year. If we find that there have been changes, we may increase or reduce the rate of the annual fund charge to reflect the change. Following each review we'll write to let you know of any increase in the annual fund charge of any **fund** you're invested in at least 30 days before we make the change.

Additional fund expenses for internal funds

- Applies to all **internal funds**.
- These expenses are in addition to the annual fund charge. They cover such things as the costs of holding and administering **assets**.
- Additional fund expenses vary and we can't accurately predict what they'll be in advance. We make an allowance for them when calculating the **What you might get back** values shown in your **Illustration**.
- If and when they become due, we'll make a deduction for additional **fund** expenses when calculating **unit prices**.

i We publish the allowances we make for the additional fund expenses for each **internal fund** on our website at www.legalandgeneral.com/investment/portfolio_bond.jsp at all times. Alternatively, please call us and ask.

Additional charges for external funds

- Applies to some **external funds**.
- **External fund managers** sometimes make an additional charge to cover exceptional costs that may arise when people buy or sell **units** in their **authorised fund**.
- We can't predict when an **external fund manager** will make such a charge. If and when it happens, we make a deduction when calculating the **unit price**.

NOTES

- If we need to increase the rate of the annual fund charge for any **fund** you're invested in at any other time other than at a regular review, we'll do our best to let you know about it at least 30 days before the change is made. It may not always be possible to give you advance notice if, for example, an **external fund manager** gives us little or no notice of a significant change.
- Fund managers need to cover the expenses that arise from investing in and holding assets, such as the costs of buying and selling assets, bank charges, audit charges and trustee fees. The amount of these additional fund expenses can vary frequently and cannot be accurately predicted in advance.
- The amount of the additional expenses for an **external fund** can change at any time, meaning that the published rate of the annual fund charge may not fully reflect it. The correct amount may be higher or lower. If this is the case, the correct amount will have been taken into account when calculating the **unit prices** for the affected **fund**.
- You can always ask us what our current charges are or look them up on our website using the address shown in **Amount of the charge** earlier in this section on page 12.

Initial charge

- An initial charge may apply to the initial and standard **charging options**.
- It's a deduction made from the amount you give us when you invest.
- It only applies if your **allocation rate** is less than 100%.

i You can find out what your **allocation rate** is in your **Illustration** and **Schedule**.

- This charge is effectively the percentage difference between 100% and the **allocation rate**.

For example:

A £50,000 investment has 95.75% of its value allocated to **units**

£50,000 x 95.75% = £47,875 of **units** are bought

Therefore, 4.25% is taken as an initial charge

£50,000 x 4.25% = £2,125

Establishment charge

- An establishment charge applies to the standard and high allocation **charging options**.

i If the establishment charge applies to your **bond**, it's shown in your **Illustration** and **Schedule**.

- The amount of the charge is based on an annual percentage rate of your **bond's value**.
- We take the charge by deducting **units** from your **bond** once a month. The number of **units** we deduct from each **fund** you're invested in at the date of the charge is based upon 1/12th of the annual percentage rate multiplied by each **fund's value**.

For example:

Number of **units** in **fund A** 25,000

Unit price of **fund A** 274.25 pence per **unit**

Fund A's value is 25,000 x 274.25p (£2.7425) £68,562.50

Establishment charge 1.00% per year

In order to work out the amount of the establishment charge we do the following:

- Convert the annual establishment charge to a monthly figure. To do this, 1.00% (0.01) is divided by 12, giving 0.00083333.
- The monthly figure of 0.00083333 is multiplied by the **fund's value** of £68,562.50 to give £57.14.

Once we know how much the establishment charge for **fund A** is, we then work out how many **units** need to be deducted this month to pay for it.

- The charge of £57.14 is divided by the **unit price** of 274.25p (£2.7425), which results in 20.84.
- So, 20.84 **units** are deducted from the original 25,000 **units** to pay for the charge, leaving 24,979.16 **units** remaining.

If you're invested in more than one **fund**, the above calculations are done for every **fund**.

NOTES

- The combination of the **allocation rate** and the charges covers our costs and expenses of setting up and maintaining your **bond**.

NOTES

- We start making the deductions one month after the start date of your **bond** and stop them following the 12th deduction in the last year shown in your **Illustration** and **Schedule**.
- Each **individual investment** may have a different level of establishment charge and a different deduction date. See the **Adding to your bond** section starting on page 18 for more information.

Fund based charge

- Can apply to all **charging options**.
- The fund based charge only applies if agreed between you and your adviser.



If a fund based charge applies to your **bond**, it's shown in your **Illustration** and **Schedule**.

- The amount of the charge is based on an annual percentage rate of your **bond's value**, as agreed with your adviser.
- We take the charge by deducting **units** from your **bond** once a month. The number of **units** we deduct from each **fund** you're invested in at the date the charge is taken is based upon 1/12th of the agreed annual percentage rate multiplied by each **fund's value**.

For example:

Number of units in fund A	25,000
Unit price of fund A	274.25 pence per unit
Fund's value is 25,000 x 274.25p (£2.7425)	£68,562.50
Fund based charge agreed with your adviser	0.75% a year

In order to work out how much to pay your adviser from **fund A** we do the following:

- Convert the annual fund based charge to a monthly figure. To do this, 0.75% (0.0075) is divided by 12, giving 0.000625.
- The monthly figure of 0.000625 is multiplied by the **fund's value** of £68,562.50 to give £42.85.

Once we know how much to pay your adviser, we then work out how many **units** need to be deducted to pay for it.

- The charge of £42.85 is divided by the **unit price** of 274.25p (£2.7425), which results in 15.62.
- So, 15.62 **units** are deducted from the original 25,000 **units** to pay for the charge, leaving 24,984.38 **units** remaining.

If you're invested in more than one **fund**, the above calculations are done for every **fund**.

NOTES

- We start making the deductions one month after the start date of your **bond** and continue making them for the lifetime of it. The amount deducted each month is paid to your adviser.
- The amount of the charge can't be altered but it's possible to remove it after the first anniversary of your **bond**. If it's to be removed, you'll need to ask us to do so in writing. Once removed the charge can't be reinstated.
- Each **individual investment** may have a different level of fund based charge. See the **Adding to your bond** section starting on page 18 for more information.

Early surrender charge

- The early surrender charge only applies to the standard and high allocation **charging options**.

i If the early surrender charge applies to your **bond**, it's shown in your **Illustration** (as 'Reduction in cash value') and **Schedule**.

- The charge applies to any cash-in you make during the period shown (except any **units** cashed-in for **regular withdrawals** or **natural income**).
- The charge is calculated by deducting the percentage shown in your **Illustration** and **Schedule** from the total of all the **units** being cashed-in multiplied by the **unit price**, or **unit prices**, of those **units**.

For example:

Cash-in of £25,000 worth of **units** in the 3rd year.

Early surrender charge shown on the **Schedule** of 6%

£25,000 multiplied by 6% = £1,500 early surrender charge

Cash-in value £25,000 minus £1,500 = £23,500

11. LOYALTY BONUS

- Loyalty bonus applies to the standard and initial **charging options**.

i If the loyalty bonus applies to your **bond** it's shown in your **Illustration** and **Schedule**.

- We'll pay you the bonus if you keep your **bond** for the periods shown in your **Schedule**.
- The rate of the bonus and the dates it's added are shown on your **Schedule**.
- The number of **units** we add to each **fund** you're invested in at the date the bonus is due is based on the annual percentage rate shown multiplied by each **fund's value**.

For example:

Number of **units** in **fund A** 25,000

Unit price of **fund A** 274.25 pence per **unit**

Fund's value is 25,000 x 274.25p (£2.7425) £68,562.50

Loyalty bonus 0.50%

In order to work out how much loyalty bonus to add to **fund A** we do the following:

- The percentage rate of the loyalty bonus is multiplied by the **fund's value**, £68,562.50 x 0.50%, giving £342.81.
- We then work out how many **units** need to be added to give you the bonus. The bonus of £342.81 is divided by the **unit price** of 274.25p (£2.7425), which results in 125.00.
- So, we add 125.00 **units** to **fund A** on the 5th anniversary. A similar calculation is made at each anniversary where a loyalty bonus is added to your **bond**.

If you're invested in more than one **fund**, the above calculations are done for every **fund**.

NOTES

- Each **individual investment** may have a different level of early surrender charge. See the **Adding to your bond** section starting opposite for more information.

NOTES

- Each **individual investment** may have a different rate of loyalty bonus which may be added to your **bond** on a different date. See the **Adding to your bond** section starting opposite for more information.

12. ADDING TO YOUR BOND

General

- You can make additional investments into the **bond**, known as an **increment**, at any time during its lifetime.
- The **charging option** applicable to your original investment applies to all **increments**.
- Some conditions apply as follows:
 - The **bond** must still be open for new investments.
 - The current minimum **increment** is £5,000.
 - The **life assured** and **policyholder**, as described in the **Who can invest in the bond?** section on page 5 must be the same as those on the original investment.
 - The **life assured** cannot be older than the limits described in section 3.
 - A maximum of five **increments** can be added throughout the lifetime of the **bond**.

How the increment is set up

- We set up an **increment** by spreading it equally across all of your **policies**. It's then treated as an addition to each individual **policy** for tax purposes, which can have tax advantages for some people.

i For more information about the tax treatment of **increments** please ask your adviser.

How increments are invested

- We use the same method of investing **increments** as described in the **How money is invested** section starting on page 6.

NOTES

- These conditions may be altered from time to time. It's best to ask what they currently are before making an addition.
- The way certain parts of your **increment** work may be different to your original investment. Your **Illustration** and **Schedule** will show these differences.
- We will send you our current **Product Guide** when you make an **increment**.
- After we've processed your **increment**, we'll send you an **Illustration** and a **Schedule** showing the details. The **Schedule** for your **increment** will show details specific to your **increment**. Please note in particular that the **allocation rate, funds**, charges and loyalty bonus applying to the **increment** may be different to those shown on the **Schedule** for your original investment.

Allocation rate for increments

- The **allocation rate** used depends upon:
 - The basic **allocation rates** applying at the time you make your **increment**.
 - The age of the **life assured**, as described in the **Who can invest in the bond?** section on page 5, at the date the **increment** is made.
 - The amount you originally invested in your **bond**, adding the amount of any previous **increments**, and subtracting any amounts you have cashed-in.
 - Any special terms applying at the date the **increment** is made.
 - Any special terms agreed between you and your adviser.
- We use the total amounts you've invested in your **bond**, minus any amounts you have cashed-in to work out the basic **allocation rate**.

For example:

Assuming the **allocation rates** shown in the **How money is invested** section starting on page 6 still apply:

An **increment** of £10,000 is paid into a **bond** with the standard **charging option**, with an original investment of £40,000 and you haven't cashed-in part of your **bond**.

Life assured aged under 60 at the date of the **increment**.

Total investment £50,000. So the basic **allocation rate** used would be 101.25%.



To find out the **allocation rates** we're applying to **increments** at any time, please contact us using the details in the **Contacting us** section on page 38.

Regular withdrawals and natural income for increments

- If you're already taking **regular withdrawals** or **natural income** from your **bond** as described in the **Using the bond to provide an income** section starting on page 22, please tell us whether you want to take **regular withdrawals** or **natural income** from the **increment** as well.
- We won't automatically set up **regular withdrawals** or **natural income** on your **increment** unless you ask us to.

Establishment charge for increments

- The amount of the charge that applies will be shown on the **Illustration** and **Schedule** for your **increment**.

NOTES

- We start making the deductions one month after the start date of your **increment** and stop them following the 12th deduction in the last year shown in your **Illustration** and **Schedule**.

Fund based charge for increments

- If you're already paying a fund based charge to your adviser from your **bond**, please tell us whether you want to pay a fund based charge on your **increment** as well.
- We won't automatically set up a fund based charge on your **increment** unless you ask us to.
- If selected on your **increment**, the charge works in the same way as described in the **Charges and expenses** section starting on page 12 but the amount of the charge may be different to your original investment.
- The amount of the charge that applies will be shown on the **Illustration** and **Schedule** for your **increment**.

Early surrender charge for increments

- The charge works in the same way as described in the **Charges and expenses** section starting on page 12 but the amount of the charge may be different to your original investment.
- The amount of the charge that applies will be shown on the **Illustration** and **Schedule** for your **increment**.

Loyalty bonus for increments

- Loyalty bonus applies to **increments** to the standard and initial **charging options** as explained in the **Loyalty bonus** section on page 17.
- The loyalty bonus applicable to your **increment** may have a different rate and will be added on a different date to your original investment.
- The rate of bonus and the dates it's added are shown on the **Schedule** for your **increment**.

Fund choice for increments

- You can put your investment into the same **fund**, or **funds**, you're already invested in, or you can choose new **funds** subject to the limits described in the **Funds** section starting on page 10.
- You must tell us what **funds** you want when you apply for an **increment**.

NOTES

- We start making the deductions one month after the start date of your **increment** and continue making them for the lifetime of it. The amount deducted each month is paid to your adviser.

13. SWITCHING BETWEEN FUNDS

General

- You can ask us, in writing, to exchange all or some of the **units** in a **fund**, or **funds**, for **units** in a different **fund**, or **funds**. This is known as a **switch**.
- A **switch** can be done at any time during the lifetime of your **bond** and there is no limit to how many can be done. Some conditions do apply:
 - The minimum value of **units**, that is the number of **units** held multiplied by the **unit price**, held in any **fund** must always be at least £1,000 before and after the **switch**.
 - Your **bond** can be invested in any number of **funds**, up to the maximum number allowed at the time.



To find out what the maximum number of **funds** you can hold is, please contact us using the details in the **Contacting us** section on page 38.

How the switch is done

- We work out the value of the **units** in each **fund** you want to **switch** out of. We then use that value to buy **units** in the new **fund**, or **funds**.
- The **switch** is done using the **unit prices** applying to all the **funds** involved in the **switch** on the same day.

For example:

You ask us to **switch** 5,000 **units** from **fund A** to **fund B**. Your request is received on Monday. The **unit price** of **fund A** on Wednesday is 274.25 pence per **unit**.

The value to be switched out is 5,000 **units** multiplied by 274.25p (£2.7425), which results in £13,712.50.

The **unit price** of **fund B** on Wednesday is 143.75 pence per **unit**. So, to work out how many **units** to buy in **fund B**, we take the value to be switched of £13,712.50 and divide it by **fund B**'s **unit price** of 143.75p (£1.4375), which results in 9,539.13 **units** being bought in **fund B**.



How we decide the date of calculation is explained in the **Date of calculation of cash-in, switch and death benefit values** section on page 33.

Switch charge

- We don't normally make any charge for a **switch**. However, we do reserve the right to make a charge if an excessive number of **switches** are made over a short period. For example, more than 10 times in a month.

NOTES

- You must send a written request to our **administration office**.
- The request must give clear instructions about which **units** and **funds** are to be switched out and which **fund**, or **funds**, is required after the **switch**.
- The request must be signed and dated. If there is more than one **policyholder**, all of them must sign and date the request.

NOTES

- If we do decide to make a charge we'll let you know about it. We'll tell you how much a further **switch** will cost after processing the latest **switch**.

14. USING THE BOND TO PROVIDE AN INCOME

General

- You can use your **bond** to provide you with an income.
- It's not treated as income for tax purposes.
- There are two ways of using your **bond** to provide you with an income.

For each **individual investment** you can choose either:

- **Regular withdrawals**, or
- **Natural income**.



Please see the **Tax** section starting on page 35 for information about tax when using your **bond** to provide you with an income.

Regular withdrawals

- We do this by cashing-in **units** at regular intervals and then paying you the cash-in value of those **units**.
- It's important to understand that taking **regular withdrawals** can have a significant impact on the remaining value of your **bond**.
 - It gradually reduces the number of your **units**.
 - It reduces the **bond's value** at the date of each payment.
 - If the amount you take is greater than the growth of your **bond**, your **bond's value** will fall.

Options

- Your **regular withdrawals** options are:
 - To set it up when you start your **bond** or at any time in the future.
 - Choose from two types of **regular withdrawals** – fixed amounts, or variable amounts based on your **bond's value**. You can change the amounts you take throughout the lifetime of the **bond**.
 - Choose one of the following payment frequencies – every month, every three months, twice a year or once a year.
 - Stop and start it, at any time, as often as you like.

NOTES

- If you choose to use your **bond** to provide you with an income when you start your **bond**, we show the details in your **Illustration** and **Schedule**.

NOTES

- You can withdraw anything up to the maximum described in **Conditions** on page 23.
- There are some restrictions on the date you can start payments, as described in **Starting payments** on page 24.
- We can make payments on any day of the month that suits you.
- You can change how often you take **regular withdrawals**, and on which date.



Conditions

- We do apply some conditions when you take **regular withdrawals**.

These are:

- The minimum amount we'll pay is £20 a month, or £50 for other payment periods.
- We can only pay one type of **regular withdrawal** for each **individual investment** you make.
- The maximum you can take in any 12 month period depends on whether you want fixed or variable amounts:

Fixed amounts

The maximum is 7.5% of the amount you originally invested including any **increments**. This reduces if you cash-in part of your **bond**, as described in **Cashing-in part of the bond** starting on page 30.

Variable amounts

The maximum is 7.5% of the **bond's value**.

i These conditions may be altered from time to time. Please ask us what they are when you want to start taking **regular withdrawals** or make a change.

How we do it

Fixed amounts

- We cash-in the number of **units** needed to get the cash value equal to your chosen amount.
- If your **bond** is invested in more than one **fund** we cash-in **units** from each one based on its percentage of the **bond's value**.

For example:

A regular withdrawal of £1,000 is due on a **bond** worth £50,000.

The **bond** is split £30,000 in **fund A**, and £20,000 in **fund B**.

We'd take 60% from **fund A**, £600, and 40% from **fund B**, £400.

Variable amounts

- We cash-in **units** based on your chosen percentage of your **bond's value**.
- If your **bond** is invested in more than one **fund**, we cash-in **units** from each one based on your chosen percentage. We then add all these amounts together to make up your total payment.

For example:

A **regular withdrawal** of 5% once a year for a **bond** worth £50,000.

£30,000 in **fund A**, £20,000 in **fund B**.

5% of £30,000 = £1,500 worth of **units** deducted from **fund A**

5% of £20,000 = £1,000 worth of **units** deducted from **fund B**

Total payment = £2,500

NOTES

- Regular withdrawals** must apply to all **funds** within each **individual investment**.
- It's not possible to choose which **funds** or **policies** you take the **regular withdrawals** from.
- We cash-in an equal number of **units** from all your **policies** to provide each payment.
- We'll only make payments to a bank account.

Starting payments

- If you ask us to take **regular withdrawals** at the time you first apply for your **bond**:
 - You need to wait at least one payment frequency for your first payment.

For example:

The start date of the **bond** is 1 March. You ask us for **regular withdrawals** payable twice a year.
The earliest first payment date is 1 September of the same year.

- If you make your first request to start **regular withdrawals** during the first year of your **bond**:
 - You need to wait at least one payment frequency for your first payment or until the first anniversary if this is sooner.

For example:

The start date of your **bond** is 1 March.
You ask us on 1 December of the same year for **regular withdrawals** payable twice a year.
You can start payments on 1 March next year, rather than having to wait six months until 1 June.

- If you make your first request to start **regular withdrawals** after the first anniversary of your **bond**:
 - You can start payments on any date.
- If you want to re-start, having cancelled previous **regular withdrawals**:
 - You need to wait at least one new payment frequency from the date of your last payment.

For example:

You cancelled **regular withdrawals** with a last payment date of 1 March.
You ask us on 1 September of the same year to set up an annual **regular withdrawal**.
The earliest payment date is 1 March next year.

Changing payments

- If you want to change the payment frequency:
 - You need to wait at least one payment frequency before the change takes effect.

For example:

You're taking monthly **regular withdrawals**. Last payment made on 1 March.

You ask us on 15 March to change it to once a year.

The earliest next payment date is 1 March next year.

- If you want to change the amount or type of your payments
 - You can change the amount or type you take at any time.

Date of calculation of values

- We cash-in **units** three **working days** in advance of each payment date to ensure you receive payment promptly. We use the **unit price**, or **unit prices**, calculated on the day we cash-in **units**.
- There could be times when we can't calculate the **unit price** for a **fund** which your **bond's** invested in. This could be due to market conditions or failure of another company we rely on.
- If this happens, we'll calculate what we believe to be an appropriate **unit price**, rather than delaying paying your **regular withdrawals**. We'll base the price on our view of what the **assets** held in the **fund** might be sold at and we'll make any adjustments we think are right to ensure fairness to everybody invested in the **fund**.

NOTES

- When we're able to calculate an accurate **unit price**, we'll look back to see whether the **unit prices** we used before were correct. If they weren't, we may adjust the number of **units** cashed-in. This could mean adding or taking away **units** from your **bond**.



What happens to your regular withdrawals if you cash-in part of your bond?

Fixed amounts

- If you're already taking them:
 - If you cash-in one or more **policies**, we'll automatically reduce what we pay you to take account of the **policies** you've cashed-in.

For example:

You invested £50,000 into the **bond**, which is in 100 **policies**.

You're taking **regular withdrawals** of £2,500 a year, which is 5% of the amount you invested.

If you cash-in 50 **policies**, we'll reduce your **regular withdrawals** to £1,250 a year, which is 5% of the amount invested in the remaining **policies**.

If you partially cash-in all your **policies** while taking fixed amounts, this will have an effect on your **bond's** growth potential and could have tax implications. Before doing this, we recommend you speak to your adviser.

- If you decide to start taking fixed amounts, the maximum amounts you can take reduces as follows:
 - If you cash-in one or more **policies**, it becomes 7.5% of the amount originally invested in the remaining **policies**.
 - If you partially cash-in all your **policies**, it becomes 7.5% of the remaining **bond's value** at the date of the partial cash-in.

For example:

A **bond** worth £50,000 has £25,000 taken out by cashing-in part of all the **policies**. The maximum fixed income becomes 7.5% of £25,000.

NOTES

- Cashing-in part of your **bond** is described in the **Cashing-in part of the bond** section starting on page 30.

Variable amounts

- If you're already taking **regular withdrawals**:
 - We'll continue to pay your chosen percentage of the remainder of your **bond's value**.
- If you decide to start taking withdrawals, the maximum amount you can take is still 7.5% of your **bond's value**.

This will have an effect on the **bond's** overall growth and income potential and could have tax implications. Before doing this we recommend you speak to an adviser.

If you make any increments

- Each individual **increment** is treated as a separate **individual investment** for the purposes of **regular withdrawals**.
- As long as you meet the requirements described in the **Conditions** earlier in this section on page 23, you can take:
 - any type of **regular withdrawals**,
 - any frequency of payments, and
 - any amount from the **increment**, irrespective of what you're taking from your original investment, or any other **increments** you've made.

To start, stop or alter regular withdrawals

- You must send a written request to our **administration office**. The request must be signed and dated. If there is more than one **policyholder**, all of them must sign and date the request.

Natural income

General

- **Assets** held by **funds** generally pay an income, such as dividends from shares, interest from fixed interest securities and rent from commercial property.
- This income is normally built up in a **fund** to benefit its overall value. Some **funds** allow you to receive payments based on this accumulated income, which is called **natural income**.
- **Natural income** automatically pays you an income without you having to cash-in **units**. The **funds** that allow **natural income** are indicated in our **Funds Summary**, which is available on request. Alternatively, call us and ask using the details in the **Contacting us** section on page 38.
- If you are taking **natural income** your investment will be held in distributor **units**. See section **8. Unit types** starting on page 9 for more information.

Options

Your **natural income** choices are:

- Twice yearly income
 - Each distribution is paid to you in full in June and December.
- Monthly income
 - Each distribution is spread out over six months.

NOTES

- **Increments** are described in the **Adding to the bond** section starting on page 18.

NOTES

- The **natural income** payments, which are called 'distributions', are made from the **fund** twice a year.

Conditions

- We do apply some conditions. These are:
 - Each **individual investment** you make can only be invested in **funds** that can pay **natural income**. You can't invest in any other **funds**.
 - If you choose more than one **fund**, you must take the **natural income** from all of them.
 - When taking **natural income** from an **individual investment**, you cannot take **regular withdrawals** from the same **individual investment**.
 - To receive a distribution, you must hold distributor **units** five or more **working days** before the date the distribution rate is announced.

For example:

To receive the June distribution you must choose **natural income** at least five **working days** before 30 May. If you choose any later, the first distribution you'll receive is the December one.



These conditions may be altered from time to time. Please ask us what they are when you want to start taking **natural income** or make a change.

How we do it

- At the end of every May and November we announce a 'distribution rate' for each **fund** that can pay **natural income**. The rate is what we decide represents an appropriate amount of the income built up in the **fund** to be distributed.



Our website: www.legalandgeneral.com/investments/life-distribution-rates.html lists all of our distribution rates, including all past rates. Alternatively, please call us using the details in the **Contacting us** section on page 38.

- On the **working day** before 30 May and 30 November every year we:
 - Multiply the number of **units** you hold in a **fund** by the distribution rate to give your share of the distribution for that **fund**. If you hold more than one **fund**, your share of the distributions for all of your **funds** are added together to get your total distribution amount.
 - We use your total distribution amount to buy **units** for you in the **Building Society Linked Fund**.

For example:

If you have 20,000 **units** in **fund A** and the distribution rate is 1.5 pence per **unit**.

$20,000 \times 1.5 \text{ pence } (\pounds 0.015) = \pounds 300 \text{ distribution amount}$

$\pounds 300 \text{ divided by the unit price of the Building Society Linked Fund of } 275.50 \text{ pence per unit } (\pounds 2.755)$
buys 108.90 **units**

- Reduce the **unit price** of the **fund** that's paid the distribution to take account of all the distribution amounts paid out of the **fund**.

- Twice yearly income
 - All your **units** in the **Building Society Linked Fund** are cashed-in three **working days** before 14 June and 14 December.
 - Your **natural income**, calculated as the number of **units** multiplied by the **unit price**, is then paid into your chosen bank account.
- Monthly income
 - A proportion of your **units** in the **Building Society Linked Fund** are cashed-in three **working days** before the 14th of each month.
 - Each month the proportion cashed-in is based on one sixth of the **units** in the **Building Society Linked Fund** bought each May and November.
 - The amount we pay into your chosen bank account is the number of **units** cashed-in each month multiplied by the unit price. All your **units** in the **Building Society Linked Fund** are cashed-in over the six months.

Starting payments

- You can ask us to pay you **natural income** when you start your **bond** or at any time in the future.
- If you ask us to start in the future and are not invested in a **fund**, or **funds**, that allow **natural income** you will need to **switch** into **funds** that do allow it first, as described in the **Switching between funds** section on page 21.

Stopping payments

- You can stop taking **natural income** at any time.
- When we receive your request we'll exchange your distributor **units**, plus any remaining **Building Society Linked Fund** units, into accumulation units of the same **fund**, or **funds**. You are then free to **switch** between any of the **funds** generally available on the **bond** again.

If you make any increments

- You can choose whether you want to take **natural income** from the **increment** or not.

To start or stop

- You must send a written request to our **administration office**. The request must be signed and dated. If there is more than one **policyholder**, all of them must sign and date the request.

NOTES

- When your **bond** is only invested in **funds** that pay **natural income**, if you have any accumulation units, we'll exchange them for distributor units (see the **Unit types** section on page 9) of the same value in the same **fund**, or **funds**.

NOTES

- **Increments** are described in the **Adding to the bond** section starting on page 18.

15. CASHING-IN PART OF THE BOND

General

- You can cash-in part of your **bond** at any time.
- Simply tell us how much you want and how you want to do it.

i We recommend you speak to your adviser before cashing-in part of your **bond**. It's particularly important if you're taking **regular withdrawals** or **natural income**.

Options

- There are two ways of cashing-in part of your **bond**, but the tax treatment of each is very different.

Cashing-in one or more policies

- It's up to you to decide how many **policies** you'd like to cash-in.
- The amount payable is the number of all the **units** being cashed-in multiplied by the **unit price**, or prices, of those **units**. An early surrender charge may be deducted, as described on the next page.

Partially cashing-in all the policies

- You tell us how much money you want. We'll then cash-in part of all your **policies** needed to reach that amount and to pay any early surrender charge.
- Some conditions do apply:
 - You must leave at least £10 worth of **units** in each **policy**.
 - If your **bond** is invested in more than one **fund**, we'll work out the amount we take from each **fund** based on its proportion of the overall **bond's value**.

For example:

A **bond** is worth £50,000 with £30,000 in **fund A** and £20,000 in **fund B**.

If £10,000 is required, we take £6,000 from **fund A**, £4,000 from **fund B**.

NOTES

- We do apply a minimum amount, which we'll tell you about on request.
- The date we use to work out how many **units** we cash-in is explained in the **Date of calculation of cash-in, switch and death benefit values** section on page 33.
- If you've made any **increments**, we cash-in the oldest **units** first unless you tell us to do otherwise.

Early surrender charge

- We'll take account of the early surrender charge when calculating the cash-in value if the charge is shown in your **Illustration** (shown as 'Reduction in cash value') and **Schedule**, or **Schedules**. The charge is described in the **Early surrender charge** sub-section on page 17.

For example:

If you cash-in 10,000 **units** from **fund A** at a price of 274.25 pence per **unit** and the early surrender charge shown in your **Schedule** is 5%, the calculation is:

We work out the fund's value : 10,000 x 274.25p (£2.7425)	= £27,425
The early surrender charge is 5% of £27,425	= £1,371.25
So, we pay you £27,425 less £1,371.25	= £26,053.75

- If you've made any **increments**, different early surrender charges may apply to the original investment and each **increment**. You may wish to consider this when making your request.

To cash-in part of the bond

You must send the following to our **administration office**:

- A written request giving clear instructions about how you want us to do the cash-in, such as which **policies** or **units** are to be cashed-in. The request must be signed and dated. If there is more than one **policyholder**, all of them must sign and date the request.
- The **Schedule**, or **Schedules** if you've made any **increments**. If ownership of your **bond** has been transferred to anybody other than the **policyholder** named on the **Schedule**, or **Schedules**, we'll need proof of this if it hasn't been sent to us before.

NOTES

- Please note that if you lose your **Schedule** we may ask for an indemnity policy at your own cost. This policy protects us against somebody else claiming that we've paid the money to the wrong person.
- If the request doesn't say how you want us to do the cash-in, we'll cash-in one or more **policies** to pay the amount requested. We won't partially cash-in all **policies** unless specifically requested to do so.



16. CASHING-IN ALL OF THE BOND

General

- You can cash-in all of your **bond** at any time.
- The amount payable is the number of all the **units** held in your **bond** multiplied by the **unit price**, or **unit prices**, of those **units**. An early surrender charge may be deducted as described below.

Early surrender charge

- We'll deduct an early surrender charge from the amount payable if it's included in your **Illustration** (shown as 'Reduction in cash value') and **Schedule**, or **Schedules**, as described in the **Early surrender charge** sub-section opposite.

To cash-in all of your bond

You must send the following to our **administration office**:

- A written request that's signed and dated. If there is more than one **policyholder**, all of them must sign and date the request.
- The **Schedule**, or **Schedules** if you've made any **increments**.
- If ownership of your **bond** has been transferred to anybody other than the **policyholder** named on the **Schedule**, or **Schedules**, we'll need proof of this if it hasn't been sent to us before.

17. IF SOMEBODY NAMED ON THE BOND DIES

A life assured

If only one **life assured** is named:

- The **bond** ends and the 'death benefit' becomes payable.
- The amount payable is the **bond's value** at the time we receive proof of death (and any other documents and information we may request), multiplied by 101%.
- For us to pay the death benefit, the following must be sent to our **administration office**:
 - Proof of death of the **life assured**.
 - The **Schedule**, or **Schedules** if you've made any **increments**.
 - If ownership of your **bond** has been transferred to anybody other than the **policyholder** named on the **Schedule**, or **Schedules**, we'll need proof of this if it hasn't been sent to us before.
 - Any other documents and information we may request.

If there's more than one **life assured** named:

- If one of the people named in your **Schedule** as a **life assured** dies and there is another, or others, still alive, the **bond** remains invested unchanged. We'll need you to send us proof of death so we can alter our records.

i See section 18. Date of calculation of cash-in, switch and death benefit values starting on page 33 for more information.

A policyholder who's not a life assured

- If anybody dies who's a **policyholder** but isn't also named as a **life assured**, their ownership of the **bond** passes to their representatives. The **bond** doesn't end so the death benefit isn't payable.

NOTES

- If you've made any **increments**, different early surrender charges may apply to the original investment and each **increment**.
- An example of how the charge works is shown in the **Early surrender charge** section opposite.

NOTES

- Please note that if you lose your **Schedule** we may ask for an indemnity policy at your own cost. This policy protects us against somebody else claiming that we've paid the money to the wrong person.
- When the last surviving **life assured** dies, the death benefit becomes payable as described above.

- We recommend you consult your financial adviser or a solicitor if a **policyholder** who's not a **life assured** dies.

18. DATE OF CALCULATION OF CASH-IN, SWITCH AND DEATH BENEFIT VALUES

General

- Values are calculated on the second **working day** after receipt of the requirements shown in the appropriate sections in this guide.
- We use the **unit price**, or **unit prices**, calculated on that second **working day**.

For example:

If we receive our requirements to cash-in on Tuesday, the **unit price** is calculated on Thursday.

Possible delays in calculating cash-in or switch values

- In order to protect all investors, there are some circumstances where we may need to delay calculating cash-in or **switch** values. This could delay us dealing with your request.

For example:

- If we get an unusually large number of people wanting to buy or sell **units** in a **fund** around the same time, it could have an adverse effect on the other people remaining invested in that **fund**.

- In exceptional market conditions or a failure of another company we rely upon, there could be situations where we're unable to calculate a **unit price** for a **fund**.

- **Funds** with commercial property **assets**:

- If a large number of people want to sell their **units** at the same time it may be necessary to sell properties.

- The process of selling commercial properties (such as office blocks, shopping centres, industrial warehouses) can take a long time. For an internal **fund** we may need to delay calculating cash-in or **switch** values for up to six months. For an **external fund** any delay could be indefinite.

- This allows the fund manager time to obtain an appropriate price for the properties that may need to be sold. If a quick sale was forced through, the fund manager may get an artificially reduced value, which could impact both those leaving the **fund** and those staying.

NOTES

- Exceptional market conditions could include, but are not limited to: major political or terrorist events or situations where it becomes impossible to buy or sell **assets** within a **fund**.
- Failure of another company we rely upon could include, but is not limited to: the failure of a stock exchange (such as the London Stock Exchange), major power failures or the failure of essential IT or communication systems.
- If any of these situations occur, we'll do everything we can to let you know about it.
- A delay in calculating cash-in or **switch** values for property funds can happen at any time. If it does happen, we'll do everything we can to let you know about it.

19. THE CANCELLATION PERIOD

General

- After we've processed your application, we'll send you a cancellation form.
- If you change your mind and decide not to go ahead with the **bond**, you should complete and return that form to our **administration office** within 30 days of receiving it.

Amount of the refund

- Your refund is based on your **bond's value** on the second **working day** after we receive the cancellation form compared to the 'Amount allocated to units' shown on your **illustration**.
 - If your **bond's value** is more than the 'Amount allocated to units', we'll refund the amount you invested. We don't refund the **bond's value**.
 - If your **bond's value** is less than the 'Amount allocated to units', your refund will take account of the fall in the investment value. This is done to be fair to all the other investors in the **fund**, or **funds**, that your **bond** is invested in.

For example:

a) Your allocation rate is 100% or more

You invest £25,000 at an **allocation rate** of 100.75%, which means that the 'Amount allocated to units' is calculated by multiplying £25,000 by 100.75%, which results in £25,187.50.

If your **bond's value** has fallen to £25,050 on the second **working day** after we receive the cancellation form, we deduct the fall in value as follows:

Fall in value is £25,187.50 less £25,000 = £187.50

Divide the fall by the **allocation rate** of 100.75% = £186.10

Amount of refund is £25,000 less £186.10 = £24,813.90

b) Your allocation rate is less than 100%

You invest £25,000 at an **allocation rate** of 95.25%, which means that the 'Amount allocated to units' is calculated by multiplying £25,000 by 95.25%, which results in £23,812.50.

If your **bond's value** has fallen to £23,500 on the second **working day** after we receive the cancellation form, we deduct the fall in value as follows:

Fall in value is £23,812.50 less £23,500 = £312.50

Divide the fall by the **allocation rate** of 95.25% = £328.08

Amount of refund is £25,000 less £328.08 = £24,671.92

20. THE BUILDING SOCIETY LINKED FUND

General

- We don't allow you to buy **units** in the **Building Society Linked Fund**. We use it for administration purposes as it's a safe place to put money for short periods.
- The **unit price** is guaranteed not to go down. The **fund** offers a rate of return in line with building society ordinary paid-up share rates.
- The **unit price** will increase at an interest rate we announce from time to time. We can let you know what the current rate is on request.

Charges

- We don't make deductions from the **fund** in the same way we do for **internal funds**.
- We take account of our costs and expenses when we work out the interest rate used to increase the **unit price**.

21. HOW TO VALUE THE BOND

- You can work out your **bond's value** on any day by:
 - Multiplying the number of **units** you hold in each **fund** by the **unit price** of that fund to get the **fund's value**.
 - If you have more than one **fund**, add all the **fund's values** together to get your **bond's value**.
- Please remember that this might not be your cash-in value if your **bond** includes an early surrender charge.



You can go to:

www.legalandgeneral.com/investments/unit-assurance-prices.html to find out the **unit prices** of all our **funds**. They're calculated every **working day**. Alternatively, please call us using the details in the **Contacting us** section on page 38.

22. REGULAR STATEMENTS

- We send out statements at least once a year to the person chosen to receive them.
- The information included on our statements is:
 - All **units** and **funds** held.
 - The **bond's value**, a death value and a cash-in value. All these values are those that applied at the end of the statement period.
 - A summary of any changes for the last year, including amounts in and out.
 - Full details of any **unit** changes, such as those for any **regular withdrawals**, **switches**, cash-in of part of the **bond** or **increments**.
 - The percentage rate of the annual fund charge for all the **funds** you're invested in at the end of the statement period.

23. TAX

General

- We've done our best to explain our understanding of the tax rules for investment bonds as simply as possible below. However, it's complicated and tax rules do change.
- The tax efficiency of your **bond** depends on how it's used and your own tax position.



We recommend you should always seek financial advice on all aspects of taxation so you can maximise the tax advantages the **bond** offers.

The tax we pay

- We pay tax on the income we receive from the **assets** in a **fund**.
- We pay tax if we sell **assets** from a **fund** at a profit.
- When we pay these taxes, HM Revenue & Customs (HMRC) treats it as if you'd paid these taxes, so you don't have to pay them as well.
- You cannot reclaim any tax that we pay.

The tax you pay – income tax

- Your **bond** is treated as a 'single premium whole of life assurance contract' for tax purposes.
- Such contracts are subject to income tax under 'chargeable event' rules.
- You may have to pay some income tax if:
 - a chargeable event occurs, and
 - a chargeable gain arises as a result.

NOTES

- If you need any additional statements, or just a valuation, please call us and ask using the details in the **Contacting us** section on page 38.

Chargeable events

- A chargeable event is when:
 - The only/or last **life assured** on your **bond** dies, or
 - You cash-in all of your **bond**, or
 - You cash-in one or more of the **policies**, or
 - You take cash, including income, from all of your **policies** above a certain limit, or
 - You transfer ownership of the **bond** in exchange for some form of payment.
- The **bond** is set up as a series of identical **policies**, as described in the **How the bond's set up** section on page 6. This allows you to cash-in one or more individual **policies** that make up the **bond** so that any income tax liability that may arise only affects the **policies** cashed-in.

Your allowance before triggering a chargeable event

- If you take income, or cash from all of your **policies**, there's a 5% per **policy year** allowance. A chargeable event only occurs if you exceed the cumulative allowance.
 - The 5% allowance allows you to take out up to 5% of the amount you've invested in the **policy year** you make the investment and in the following 19 years without an immediate income tax liability. This means that 100% of the amount you invest can be withdrawn over 20 years at 5% a year.
 - The 5% allowance can be rolled up. If it's not fully used in one **policy year** the unused balance can be carried forward and is available to be used in the next or subsequent **policy years** until such time as 100% of the amount invested has been withdrawn.

For example:

4% per **policy year** can be taken each **policy year** for 25 years or, alternatively, if no money is taken for 19 **policy years** a cash-in equivalent to 100% of the amount invested could be taken in year 20.

- A chargeable gain arises if the amount taken out of the **bond** exceeds the 5% allowance. The amount of the gain is the amount of the excess.

For example:

If 12% of the amount invested is taken out in **policy year 2** (with nothing taken out during **policy year 1**), the cumulative 5% allowance in year 2 is 10% and the chargeable gain is therefore 2% of the amount invested, irrespective of the actual investment return on the **bond**.

Chargeable gains

- When a chargeable event occurs a calculation is done to see if a chargeable gain has arisen.
- If a chargeable gain has arisen, a liability to income tax may arise.



The calculation of a chargeable gain is complex. You should speak to your adviser about how the rules may be applied to your personal circumstances.

NOTES

- When a chargeable event occurs, we'll send you a chargeable event certificate and a copy is also sent to HM Revenue & Customs.

Capital Gains Tax

- No capital gains tax arises on cashing-in all or part of the **bond**.
- No capital gains tax arises on **switches**.



If you would like more details about taxation, the Association of British Insurers (ABI) has produced a guide. The ABI is an independent body that represents companies providing insurance and investment products. You can find the guide at www.abi.co.uk

24. OTHER IMPORTANT INFORMATION

Policyholder changes

- You should let us know if you transfer ownership of the **bond** to anybody else.

Age of a life assured

- If the date of birth of a **life assured** stated in the **Schedule** is wrong, we could have used an incorrect **allocation rate** at the start of your **bond**.
- If this is the case, we may alter the amount payable when your **bond** is cashed-in or the death benefit becomes payable to take account of what the correct **allocation rate** should have been.

Our discretion to make changes

- We set the terms described in this guide based on our view of what is in the best interests of all our **policyholders**.
- The **bond** is a long term investment. Over time, circumstances can change which may mean we need to alter some of the terms of the **bond**.

For example:

- Our investment rights and powers are removed or restricted.
- There are changes in the way we're taxed.
- There are changes in the way **policyholders** are taxed.
- Exceptional circumstances make it impossible for us to do what we say we will.
- There are changes in laws, regulations, consumer standards and so on.
- We need to respond to changes in tax rates, interest rates or the costs of providing the **bond**.

Events outside of our control

- We can't be held responsible for delaying doing something described in this guide due to circumstances outside of our control.

For example:

- An **external fund manager** fails to do something that would be normally expected of them in running their business.
- Acts of terrorism.
- Failure of an external power supply or communications systems that we rely on.

NOTES

- If we have to make changes, we'll do our best to write to tell you about it first.

25. CONTACTING US

- Your adviser will normally be able to help you with any questions you have about the **bond** that are not answered in this **Product Guide**, the **Key Features** or the **Funds key features**. If you'd like to ask us anything, please do.
- You can contact us in any of the following ways:



Call us on 0370 010 4080

Calls to this number will not exceed your fixed line or mobile phone provider's national rate and will be included in any inclusive free minute plan or discount scheme you may have with your telephone provider. Call charges will vary between telephone providers. We may record and monitor calls.



Email our helpdesk at:

pbhelp@legalandgeneral.com



Write to us at:

Legal & General
City Park
The Drove
Hove
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