

# PRODUCT GUIDE.

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

# GLOSSARY.

<b>Additional investment(s)</b>	A further lump sum investment into your existing <b>bond</b> .
<b>Administration office</b>	The office where we process <b>Portfolio Bond</b> business. The current details are shown in section 26 on page 33.
<b>Allocation rate</b>	The percentage of your money that's used to buy <b>units</b> .
<b>Assets</b>	The investments that make up a <b>fund</b> . For example, shares, commercial property or cash.
<b>Authorised fund</b>	A <b>fund</b> managed by an <b>external fund manager</b> authorised or recognised by the Financial Conduct Authority.
<b>Bond</b>	Our <b>Portfolio Bond</b> . It's a single premium life assurance contract used for investment purposes.
<b>Bond's value</b>	The sum of all <b>individual investment's values</b> .
<b>Deposit Fund</b>	A <b>fund</b> to put money into for short periods that's used for administration purposes.
<b>External fund or funds</b>	A <b>fund</b> managed by a company other than us.
<b>External fund manager</b>	A fund manager other than us.
<b>Fund or funds</b>	A collection of <b>assets</b> that the <b>bond</b> can be invested in. These <b>assets</b> may be managed by us or other investment management companies. Where we refer to 'fund' in this document it can mean fund or funds.
<b>Fund's value</b>	The number of <b>units</b> you hold in a <b>fund</b> multiplied by the <b>unit price</b> of that <b>fund</b> .
<b>Illustration</b>	A document that forms part of the <b>Key Features</b> 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 <b>fund</b> selection and any income remain unaltered throughout the term of your <b>additional investment</b> .
<b>Increment</b>	An <b>additional investment</b> into your <b>bond</b> .
<b>Individual investment</b>	Each investment you make into your <b>bond</b> . For example, your original investment to set up your <b>bond</b> and three <b>increments</b> would make a total of four individual investments into your <b>bond</b> .
<b>Individual investment's value</b>	The total value of an <b>individual investment</b> in your <b>bond</b> .
<b>Internal fund or funds</b>	A <b>fund</b> managed by us, other than the <b>Deposit Fund</b> .
<b>Life assured</b>	The person, or persons, on whose life your <b>bond</b> depends as described in section 3 on page 5.
<b>Natural income</b>	An income option on some <b>internal funds</b> . Payments are made from the <b>fund</b> twice a year, based upon the amount of income generated by the <b>assets</b> in the <b>fund</b> , such as dividends from shares, interest from fixed interest securities and rent from commercial property.
<b>Normal working hours</b>	9am to 5pm on a <b>working day</b> .
<b>Policy or policies</b>	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 <b>bond</b> .
<b>Policy date</b>	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 <b>administration office</b> during <b>normal working hours</b> .
<b>Policy year or Policy years</b>	A policy year begins on the <b>policy date</b> and on the same date in subsequent years. It ends on the day before the anniversary of the <b>policy date</b> and on the same date in subsequent years.
<b>Policyholder</b>	The legal owner, or owners, of your <b>bond</b> .
<b>Regular withdrawals</b>	Regular payments from your <b>bond</b> used to provide an income.
<b>Switch or switches</b>	Changing <b>funds</b> .
<b>Units</b>	A unit is a share of a <b>fund</b> . Each <b>fund</b> is split into a series of units. The number of units you hold is your share of the <b>fund</b> .
<b>Unit price or prices</b>	A price calculated each <b>working day</b> that is used to value <b>units</b> .
<b>Working day</b>	Any day from Monday to Friday inclusive, excluding English public holidays.

<b>CONTENTS</b>	
<b>1. WHAT IS THE BOND?</b>	<b>04</b>
<b>2. HOW LONG THE BOND LASTS</b>	<b>04</b>
<b>3. WHO CAN INVEST IN THE BOND?</b>	<b>05</b>
<b>4. HOW MUCH CAN BE INVESTED?</b>	<b>05</b>
<b>5. WHEN YOUR ADDITIONAL INVESTMENT STARTS</b>	<b>06</b>
<b>6. HOW YOUR ADDITIONAL INVESTMENT IS SET UP</b>	<b>06</b>
<b>7. HOW YOUR MONEY IS INVESTED</b>	<b>06</b>
<b>8. UNIT TYPES</b>	<b>08</b>
<b>9. FUNDS</b>	<b>09</b>
<b>10. CHARGES AND EXPENSES</b>	<b>10</b>
<b>11. LOYALTY BONUS</b>	<b>13</b>
<b>12. ADDING TO YOUR BOND</b>	<b>14</b>
<b>13. SWITCHING BETWEEN FUNDS</b>	<b>16</b>
<b>14. USING YOUR BOND TO PROVIDE AN INCOME</b>	<b>17</b>
<b>15. THE DEPOSIT FUND</b>	<b>24</b>
<b>16. CASHING IN PART OF YOUR BOND</b>	<b>24</b>
<b>17. CASHING IN ALL OF YOUR BOND</b>	<b>25</b>
<b>18. IF SOMEBODY NAMED ON YOUR BOND DIES</b>	<b>26</b>
<b>19. DATE OF CALCULATION OF CASH IN, SWITCH AND DEATH BENEFIT VALUES</b>	<b>27</b>
<b>20. THE CANCELLATION PERIOD</b>	<b>28</b>
<b>21. HOW TO VALUE YOUR BOND</b>	<b>29</b>
<b>22. REGULAR STATEMENTS</b>	<b>29</b>
<b>23. TAX</b>	<b>29</b>
<b>24. CHANGING THE TERMS OF YOUR BOND</b>	<b>31</b>
<b>25. OTHER IMPORTANT INFORMATION</b>	<b>32</b>
<b>26. CONTACTING US</b>	<b>33</b>
<b>27. HOW TO COMPLAIN</b>	<b>33</b>

# 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 your **additional investment** and **bond** work throughout their lifetime. It's an important document to refer to.

The guide and **Schedule**, together with the previous guide(s) and **Schedules** we've sent to you 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** we'll send you shortly after setting up your **additional investment** sets out details specific to your **additional investment**. This **Schedule** and the other **Schedule(s)** we've sent you previously are proof of ownership of your **bond**.

It's particularly important that you look after your **Schedules** as you'll need to send them 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 glossary at the front of this guide. It may be a good idea to find the glossary now. 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' mean Legal & General.

We apply a number of conditions to what you can and can't do, including some limits. 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.

## 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's governed by English Law.
- 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 29.

## 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?

Your **additional investment** will be set up with the same **lives assured** and **policyholders** named on your bond. This section is a reminder of what these terms mean and who can be named.

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 at the start of the **bond** and when you make any **additional investments**:

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.

#### UK residency

The **bond** is designed for **policyholders** who are UK residents. You should speak to your adviser to confirm if the **bond** is still suitable for you if you:

- are currently a non-UK resident or become a non-UK resident after you invest, or
- are subject to tax in another country or become subject to tax in another country after you invest.

### 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.
- 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 amount you invest and the age of the youngest **life assured**. See the **How your money is invested** section starting on page 6.
- If you transfer ownership of the **bond** to anybody else you must let us know. If you don't, we won't be able to act on their instructions.

## 5. WHEN YOUR ADDITIONAL INVESTMENT STARTS

- Your **bond** started on the **policy date** shown on the **Schedule** we sent you shortly after your **bond** was set up.
- Your **additional investment** starts on the **policy date** shown on the **Schedule** for your **additional investment**. This is the date we receive your correctly completed **Application Form** and payment for your investment.

## 6. HOW YOUR ADDITIONAL INVESTMENT IS SET UP

- Your **additional investment** is added to the **policies** you already have in your **bond**.
- 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 **Schedules**.
- **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 YOUR 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

- The **allocation rate** we use depends on:
  - the amount you invest, and
  - the age of the youngest life assured.
- The amount you invest multiplied by the **allocation rate** is shown on your **Illustration** as 'Amount allocated to units'.

**i** See the **Adding to your bond** section starting on page 14 for more information about making **additional investments** and the charges that may apply.

### NOTES

- If the money you give us for your **additional investment** isn't cleared to our bank account for any reason, the **additional investment** is cancelled.

### NOTES

- Our **allocation rates** go hand-in-hand with the charges described in the **Charges and expenses** section starting on page 10.
- The combination of the **allocation rate** and the charges covers our costs and expenses of setting up and maintaining your **bond**.
- The **allocation rate** is shown in each **Illustration** you receive for each investment.

## ALLOCATION RATES

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Allocation rates used for all investments on or after 1 February 2018.

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	98.25%	98.00%	95.50%
£25,000 to £49,999	98.25%	98.00%	95.50%
£50,000 to £99,999	98.75%	98.50%	96.00%
£100,000 to £249,999	99.25%	99.00%	96.50%
£250,000 and over	99.75%	99.50%	97.00%

i

Your **Illustration** and **Schedule** both show the **allocation rate** used for your **additional investment**.

### 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.

### NOTES

- To work out the **allocation rate** for an additional investment, we use the total amount you've invested in your **bond**, minus any amounts you've cashed in. See the **Adding to your bond** section on page 14 for more information.
- 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 61 or over (with the chance increasing at age 75 or more). Therefore, where the **life assured** is aged 61 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.

## 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 invested £50,000 and chose to put 60% in **fund A**, 40% in **fund B**. We received your investment during **normal working hours** on Tuesday.

The youngest **life assured** named is aged under 61, so the **allocation rate** used is 98.75%.

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 98.75% (0.9875) divided by 250.00p (£2.50) = 11,850.00 **units**.

**Fund B** – £50,000 x 40% x 98.75% (0.9875) divided by 175.00p (£1.75) = 11,285.71 **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 **individual investment**.



See the **Natural Income** section starting on page 22 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 key features** 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:

**legalandgeneral.com/existing-customers/investment-bonds-support/portfolio-bond**

### 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**. We also have no control over the method of calculation they use to value their **fund**.
  - The valuation of an **external fund** depends on the **external fund manager** meeting their contractual obligations to provide us with information, including the valuation of their **fund**. If we value an **external fund** and then find out later that we were given incorrect information, we may increase or reduce the number of **units** you hold or pay compensation.
  - **External fund managers** sometimes adjust the valuation of their **fund** 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**.
  - 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.

### 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 using the details in the **Contacting us** section on page 33.
- 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.

### 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 16.

### 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.
- We won't apply a switch charge to any **switches** made as a result of a **fund** closure.

## 10. CHARGES AND EXPENSES

- Previously, there were three different charging options. The three options were:
  - initial charge
  - standard,
  - high allocation.
- From 1 February 2018, all **additional investments** will be made using the initial charge option. There are a number of charges that will apply to your **additional investment**. The charges that apply to your **additional investment**, and the effect of them, are shown in your **Illustration**.
- The charging options you've previously selected will still apply to any investments made before 1 February 2018, so an early surrender charge and/or fund based charge may still apply to part of your **bond**. You can find out if an early surrender charge or fund based charge applies to any investments made before 1 February 2018 by checking the **Schedule(s)** we sent you for each of those investments, or you can contact us using the details on page 33.

**i** For more details of the charges that apply to any investments made before 1 February 2018, please see the **Product Guide** we sent to you shortly after we set up those investments.

- There are a number of charges that apply to your **additional investment**. What follows is a list of all the charges. We explain when each one is used.

**i** It may become necessary to change charges. We'll only do this for specific reasons as described in the **Changing the terms of your bond** section on page 31.

### Annual fund charge

#### 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**.
- 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**, is shown in your **Illustration**.
- The amount of the charge may change as explained on page 12.
- 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** You can look up the current annual percentage rate for each **fund** on our website at: [legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates](https://legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates)

Alternatively, you can contact us using the details in the **Contacting us** section on page 33.

### What the charge covers

- The charge covers:
  - The investment manager’s costs and our own costs of managing the **fund** and your **bond**.
  - An allowance for the investment manager’s additional fund expenses based upon what the fund manager has charged in the recent past.

### 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 <b>internal fund’s value</b> on the last <b>working day</b> of the previous month.	£1,900,000
If there are 1,000,000 <b>units</b> held by all <b>policyholders</b> , then the <b>unit price</b> would be £1,900,000 divided by 1,000,000.	190.00 pence per <b>unit</b>
Current annual percentage rate of the annual fund charge.	1.30%
1/12th of 1.30% (0.10833%) multiplied by £1,900,000.	£2,058.27
The <b>fund’s value</b> remaining after deduction of the charge, assuming no other changes.	£1,897,941.73
Assuming there are still 1,000,000 <b>units</b> held by all <b>policyholders</b> , then the <b>unit price</b> would be £1,897,941.73 divided by 1,000,000.	189.79 pence per <b>unit</b>

### 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

These include:

- Fees for trustees, custodians, registrars, auditors and regulators.
- Bank charges.
- Costs for holding and administering property where a **fund** invests directly in commercial property. These costs are sometimes referred to as the Property Expense Ratio.
- Additional fund expenses apply to all **funds**.
- We make an allowance for them when calculating the **What you might get back** values shown in your **Illustration**. As it's not possible to predict the amount of the charge in advance, the allowance is based on what the fund manager has charged in the recent past.
- The amount of the additional fund expenses will be charged to the **fund** as these costs occur. The amount of the additional fund expenses can change at any time. This means that the published rate of additional fund expenses may not fully reflect the latest position of the **fund**. The actual additional fund expenses charged to the **fund** will be taken into account when calculating the **unit prices** for the **fund**.

### 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.
- 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 10.

### 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**.

### Initial charge

- A deduction made from the amount you give us when you invest.

**i** You can find out what your **allocation rate** is in the **Illustration** and **Schedule(s)** for each **individual investment**.

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

### FOR EXAMPLE:

A £50,000 investment has 98.50% of its value allocated to **units**.

$£50,000 \times 98.50\% = £49,250$  of **units** are bought.

Therefore, 1.50% is taken as an initial charge.

$£50,000 \times 1.50\% = £750$

### NOTES

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

## 11. LOYALTY BONUS

- We'll pay you a loyalty bonus if you keep your **additional investment** for at least five years as shown on page 14.
- Starting on the 5th anniversary of the **additional investment**, 0.5% of the **individual investment's value** is added each year.
- On the 10th anniversary, an additional 2% of the **individual investment's value** is added.
- We add **units** to each **fund** at the date the bonus is added.

### NOTES

- Each **individual investment** may have a different rate of loyalty bonus which may be added to your **bond** on a different date. Please see the **Schedule** and **Product Guide** for each **individual investment** for more details of the loyalty bonus that may apply.

**FOR EXAMPLE:**

Number of <b>units</b> in <b>fund</b> A on 5th anniversary	25,000
<b>Unit price</b> of <b>fund</b> A on 5th anniversary	200.00 pence per <b>unit</b>
<b>Fund's value</b> is 25,000 x 200.00p (£2.00)	£50,000.00
First loyalty bonus	0.50% each year, starting on the 5th anniversary
Second loyalty bonus	2.00% applied on the 10th anniversary only

In order to work out how much loyalty bonus to add to **fund** A at the 5th anniversary we do the following:

- The percentage rate of the loyalty bonus is multiplied by the **fund's value**, £50,000 x 0.50%, giving £250.00.
- We then work out how many **units** need to be added to give you the bonus. The bonus of £250.00 is divided by the **unit price** of 200.00p (£2.00), which results in 125.00.
- So, we add 125.00 **units** to **fund** A.

We do the same calculation shown above each year after the 5th anniversary using the **fund value** and **unit price** at that anniversary until the 10th anniversary when we do the following:

- **Fund** A's value is now £100,000
- The percentage rate of the loyalty bonus is multiplied by the **fund's value**, £100,000 x 2.5%, giving £2,500.00
- We then work out how many **units** need to be added to give you the bonus. The bonus of £2,500.00 is divided by the **unit price** of 400.00p (£4.00), which results in 625.00.
- So, we add 625.00 **units** to **fund** A.

At the 11th anniversary and for each anniversary after that we repeat the calculation for the first loyalty bonus using the **fund value** and **unit price** at that anniversary.

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

## 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 initial charge **charging option** applies to all **increments** made on or after 1 February 2018.
- When you make an **increment** we'll give you a new **Schedule, Illustration** and **Product Guide** which will give you the terms applicable to your **increment** at the time. They may be different from these terms, for example different charges may apply.
- 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**.

### NOTES

- The **allocation rate, funds**, charges and loyalty bonus applying to **increments** may be different to those shown on the **Schedule** and **Product Guide** for your original investment.
- We will send you our current **Product Guide** when you make an **increment**. You can also ask your adviser for a copy.
- If the money you give us for your **increment** isn't cleared to our bank account for any reason, the **increment** will be cancelled.
- These conditions may be altered from time to time. It's best to ask what they currently are before making an addition.

### 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.



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 your money is invested** section starting on page 6.

### Allocation rate for increments

- The **allocation rate** used is calculated using the method described in the **How your money is invested** section starting on page 6.
- We use the total amounts you've invested in your **bond**, minus any amounts you have cashed in to work out the **allocation rate**.

### FOR EXAMPLE:

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

You decide to make an **increment** of £10,000 into your **bond**. Your original investment was £40,000 and you haven't cashed in part of your **bond**.

The **life assured** is aged 60.

The total investment is £50,000, so the **allocation rate** used would be 98.75%.



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 33.

### 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 your bond to provide an income** section starting on page 17, 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.

### Fund based charge (additional commission) for increments

- This charge will not apply to your **additional investment** but may apply to investments made before 1 February 2018.

### Early surrender charge for increments

- This charge will not apply to your **additional investment** but may apply to investments made before 1 February 2018.

### Loyalty bonus for increments

- Loyalty bonus applies to **increments** as explained in the **Loyalty bonus** section starting on page 13.
- The loyalty bonus applicable to your **increment** may have a different rate and will be added on a different date to your original investment.

### 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 9.
- You must tell us what **funds** you want when you apply for an **increment**.

## 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**, 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.

**i** 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 33.

### 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**.

### NOTES

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

**i** 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 27.

### Switch charge

- You can **switch** free of charge provided you **switch** no more than 10 times in any calendar month.
- If you **switch** more frequently than this, we may make a charge to cover our reasonable administration costs for making additional **switches**.
- When you reach the limit we'll let you know and give you details of how much we'll charge you if you make a further **switch** within the calendar month.

**i** You can find out if we'll charge for a **switch** and, if so, how much it'll be by calling us using the details in the **Contacting us** section on page 33.

## 14. USING YOUR 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**.

**i** Please see the **Tax** section starting on page 29 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 your **bond's value** at the date of each payment.
  - If the amount of **regular withdrawals** added to any other amounts cashed in are 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 your **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

- You can withdraw anything up to the maximum described in **Conditions** on page 18.
- There are some restrictions on the date you can start payments, as described in **Starting payments** on page 19.
- 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.
- The amount must be divisible by the number of **policies** that make up your **bond**. Only whole pence can be taken from each **policy**.
- We can only pay one type of **regular withdrawal** for each **individual investment** you make.
- When taking **regular withdrawals** from an **individual investment**, you can't take **natural income** from the same **individual investment**.
- 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 into all of the **individual investments** that you take fixed amounts from. This reduces if you cash in part of your **bond**, as described in **Cashing in part of the bond** starting on page 24.

#### Variable amounts

The maximum is 7.5% of the **individual investment's value** you take variable amounts from.

**i** These conditions may be altered from time to time as described in the **Changing the terms of your bond** section on page 31. 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 your chosen amount.
- If an **individual investment** is invested in more than one **fund** we cash in **units** from each **fund** based on its percentage of the **individual investment's value**.

### FOR EXAMPLE:

A regular withdrawal of £1,000 is due on an **individual investment** which is currently worth £50,000.

The **individual investment's value** 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 **individual investment's value**.
- If your **individual investment** is invested in more than one **fund**, we cash in **units** from each **fund** 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 an **individual investment** which is currently worth £50,000, with £30,000 in **fund A**, £20,000 in **fund B**.

5% of £30,000	= £1,500 worth of <b>units</b> deducted from <b>fund A</b>
5% of £20,000	= £1,000 worth of <b>units</b> deducted from <b>fund B</b>
Total payment	= £2,500

### NOTES

For each **individual investment**:

- **Regular withdrawals** must apply to all **funds** in which the **individual investment** is invested.
- 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** or make an **increment**:
  - You need to wait at least one payment frequency for your first payment.

#### FOR EXAMPLE:

The start date of the **bond** or **increment** 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** or **increment**:
  - 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** or **increment** 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** or **increment**:
  - 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:

An **individual investment** of £50,000, which is spread over 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 you originally invested in the remaining **policies**.

If you partially cash in all your **policies** while taking fixed amounts, this could have tax implications. Before doing this, we recommend you speak to your adviser.

- If you decide to start taking fixed amounts, the maximum amount 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 **individual investment'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 your bond** section starting on page 24.

### Variable amounts

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

This will have an effect on your **bond's** 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 18, 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 your **Funds key features**. Alternatively, call us and ask using the details in the **Contacting us** section on page 33.
- If you are taking **natural income** your investment will be held in distributor **units**. See the **Unit types** section starting on page 8 for more information.

### Options

Your **natural income** choices are:

- Twice yearly income
  - Each distribution is paid to you in June and December.
- Monthly income
  - Each distribution is spread out over six months, so that you receive your income monthly.

### NOTES

- **Increments** are described in the **Adding to your bond** section starting on page 14.

### NOTES

- The **natural income** payments, are called 'distributions'.

### 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: [legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates/life-distribution-rates/](https://www.legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates/life-distribution-rates/) lists all of our distribution rates, including all past rates. Alternatively, please call us using the details in the **Contacting us** section on page 33.

- 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.
  - Use your total distribution amount to buy **units** for you in the **Deposit Fund**.

### FOR EXAMPLE:

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

20,000 x 1.5 pence (£0.015) = £300 distribution amount.

£300 divided by the **unit price** of the **Deposit Fund** of, for example, 250 pence per **unit** (£2.50) buys 120.00 **units**.

- Reduce the distributor **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 **Deposit 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 **Deposit 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 **Deposit 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 **Deposit Fund** are cashed in over the six months.

### Conditions

- We do apply some conditions when you choose to receive **natural income** from an **individual investment**. These are:
  - When taking **natural income** from an **individual investment**, you cannot take **regular withdrawals** from the same **individual investment**.
  - You can only invest in **funds** that can pay **natural income** and you must take **natural income** from all of them.
  - 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 **natural income** any later, the first distribution you'll receive will be in December.



The conditions applied to **natural income** may be altered from time to time, in line with the **Changing the terms of your bond** section on page 31. Please ask us what they are when you want to start taking **natural income** or make a change.

### 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 16.

### 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 **Deposit 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.

## 15. THE DEPOSIT FUND

- We don't allow you to buy **units** in the **Deposit Fund**. We use it for administration purposes.
- The **unit price** will not go down.

## 16. CASHING IN PART OF YOUR 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.

**i** See the **Tax** section starting on page 29 for more information.

### 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**.

### NOTES

- When your **bond** is only invested in **funds** that pay **natural income**, but you're not taking it, we'll exchange your distributor **units** for accumulation **units** (see the **Unit types** section on page 8) of the same value in the same **fund**, or **funds**.

### NOTES

- **Increments** are described in the **Adding to your bond** section starting on page 14.

### NOTES

- The minimum amount you can cash in is £100.
- 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 27.
- After you've made an **increment**, if you want to partially cash in all the **policies**, we cash in the oldest **units** first unless you tell us to do otherwise.

**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**.

**Early surrender charge**

- Although no early surrender charge applies to investments made on or after 1 February 2018, a charge may apply to investments made before that date. See section 10 starting on page 10 for more information.

**How to cash in part of your 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.
- All **Schedules** we've sent you previously as these are evidence of ownership of your **bond**.
- If ownership of your **bond** has been transferred to anybody other than the **policyholder** named on the **Schedules**, we'll need proof of this if it hasn't been sent to us before.

**17. CASHING IN ALL OF YOUR 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 apply as described below.

**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's more than one **policyholder**, all of them must sign and date the request.
- All **Schedules** we've sent you previously as these are evidence of ownership of your **bond**.
- If ownership of your **bond** has been transferred to anybody other than the **policyholder** named on the **Schedules**, we'll need proof of this if it hasn't been sent to us before.

**Early surrender charge**

- An early surrender charge won't apply to this **increment**, but may apply to your previous investments. To see if an early surrender charge applies to any of your previous investments, please check the **Schedules** we sent you shortly after the investments were set up.

**NOTES**

- If your 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.
- Please note that if you lose your **Schedules** we may ask for an insurance policy at your own cost. This policy protects us against somebody else claiming that we've paid the money to the wrong person.

## 18. IF SOMEBODY NAMED ON YOUR BOND DIES

### A life assured

#### If only one life assured is named

- Your **bond** ends and the 'death benefit' becomes payable.
- The amount payable is your **bond's value** at the time we receive proof of death (and any other documents and information we may request, including those listed below), multiplied by 101.00%.
- For us to pay the death benefit, the following must be sent to our **administration office**:
  - Proof of death of the **life assured**.
  - The **Schedules**.
  - If ownership of your **bond** has been transferred to anybody other than the **policyholder** named on the **Schedules**, we'll need proof of this if it hasn't been sent to us before.
  - Any other documents or information we may request.

#### If there's more than one life assured named

- If one of the people named in your **Schedules** as a **life assured** dies and there's another, or others, still alive, your **bond** remains invested unchanged. We'll need you to send us proof of death so we can alter our records.
- When the last surviving **life assured** dies the death benefit becomes payable as described above.

**i** See the **Date of calculation of cash in, switch and death benefit values** section starting on page 27 for more information.

### A policyholder who's not a life assured

#### Single owner

- Ownership of the **bond** passes to the representatives of the deceased **policyholder**.

#### Multiple owners

- The deceased **policyholder's** share of the **bond** passes equally to the remaining **policyholders**.

Where a **policyholder** has died who is not a **life assured**, the **bond** doesn't end so the death benefit isn't payable.

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

### NOTES

- Please note that if you lose your **Schedules** we may ask for an insurance policy at your own cost. This policy protects us against somebody else claiming that we've paid the money to the wrong person.

## 19. 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.
- In such circumstances we'll use due care and diligence when considering how to respond and we'll make sure that our response is fair and proportionate.
- Set out below are some reasons why we may need to delay.

Exceptional market conditions. These include:

- Situations where it becomes impossible to buy or sell **assets**, such as action by an overseas government that freezes **assets** invested in that country.
- Situations where it's not possible to ensure fairness to all investors in the **fund**, for example if by calculating a **unit price** it means paying too much to those leaving the **fund** at the expense of those remaining.
- Any events listed in the **Events beyond our reasonable control** sub-section in the **Changing the terms of your bond** section on page 31.

Failure of another company we rely upon. This includes:

- The failure of an **external fund manager** to do something that would normally be expected of them in running their business.
- The failure of a stock exchange (such as the London Stock Exchange).
- Major power failures or the failure of essential IT or communications systems.
- **Funds** with **assets** that cannot be sold immediately (for example, commercial property **assets**).
  - If a large number of people want to sell their **units** at the same time it may be necessary to sell particular types of **assets**.

### FOR EXAMPLE:

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 **assets** 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

- If any of these situations occur, it may not be possible to tell you about it before it happens. If at all possible, we'll do everything we can to let you know as far in advance as we can.

- We won't be liable or responsible for any failure or delay in calculating cash in or **switch** values as a result of such circumstances, however:
  - we'll use reasonable efforts to minimise any adverse impacts on you as far as reasonably possible; and,
  - we'll tell you if you're being disadvantaged, as soon as we can.
- There may be other significant events outside our control that we're unable to anticipate. If such an event impacts our ability to calculate cash in or **switch** values:
  - We'll advise you as soon as we're reasonably able and let you know how we intend to deal with it.
  - How quickly we're able to let you know may depend on the severity of the event.

## 20. 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 your **increment**, you should complete and return that form to our **administration office** within 30 days of receiving it.
- You won't get back more than you invested. If there's been a fall in the **individual investment's value**, your refund will reflect this.

### Amount of the refund

- Your refund is based on your **individual investment'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 **individual investment's value** is more than the 'Amount allocated to units', we'll refund the amount you invested. We don't refund the **individual investment's value**.
  - If your **individual investment'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 **individual investment** is invested in.

### FOR EXAMPLE:

You invest £25,000 at an **allocation rate** of 98.25%, which means that the 'Amount allocated to units' is calculated by multiplying £25,000 by 98.25%, which results in £24,562.50.

If your **individual investment's value** has fallen to £24,000 on the second **working day** after we receive the cancellation form, we deduct the fall in value as follows:

Fall in value is £24,562.50 less £24,000	= £562.50
Divide the fall by the <b>allocation rate</b> of 98.25%	= £572.52
Amount of refund is £25,000 less £572.52	= £24,427.48

## 21. HOW TO VALUE YOUR BOND

- Your **bond** is set up with an original investment and you can add to it at any time by making additional **individual investments**.
- You can work out each **individual investment'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 **individual investment's value**.
- Please remember that this might not be your cash in value if an early surrender charge applies to your investments made before 1 February 2018.
- You can work out your **bond's value** by adding together all your **individual investment's values**.

**i** You can go to: [legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates/portfolio-bond-charges-prices/](https://www.legalandgeneral.com/existing-customers/investment-bonds-support/life-fund-prices-and-distribution-rates/portfolio-bond-charges-prices/) 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 33.

## 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.

### 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 33.

## 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.

**i** 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 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.

### 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 cash in part of your **bond** above a certain limit, see **Your allowance before triggering a chargeable event** below, or
  - You transfer ownership of your **bond** in exchange for some form of payment.
- Your **bond** is set up as a series of identical **policies**, as described in the **How your additional investment is set up** section on page 6. This allows you to cash in one or more individual **policies** that make up your **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 without triggering an income tax liability.
  - 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.

#### FOR EXAMPLE:

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

### NOTES

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

### 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.
- If you pay, or start to pay, a rate of income tax higher than the basic rate and some of your Personal Savings Allowance (PSA) remains unused, this can be set against your gain.

**i** 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.

For more details on the Personal Savings Allowance, please visit [gov.uk](http://gov.uk) and search for Personal Savings Allowance.

### Capital Gains Tax

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

## 24. CHANGING THE TERMS OF YOUR BOND

### Right to make changes

- We may make fair and reasonable changes to the terms of your **bond** at any time by giving you at least 30 days' prior written notice provided that such variations or changes are permitted under the Financial Conduct Authority Handbook. We'll only make changes for good reason as follows:
  - To make our terms clearer or more favourable to you.
  - To proportionately reflect legitimate increases or reductions in the cost of providing your **bond** to you due to changes in the:
    - basis of taxation applicable to your **bond**, or to us in connection with your **bond**;
    - costs associated with changes in staff, support services, technology or systems;
    - costs associated with investing in your selected **funds**.
  - To comply with applicable law, regulation, the judgement of any court, regulator or ombudsman or any regulatory codes.
  - To reflect a change in our corporate structure that doesn't have an unfavourable impact on your **bond** but which does require us to make certain changes to the terms of your **bond** and doesn't result in us closing your **bond**.
- If you're unhappy with any change that we make to the terms of your **bond** you can cash it in as described in the **Cashing in all of your bond** section on page 25 of this guide. If you cash in all or part of your **bond**, an early surrender charge may apply to investments made before 1 February 2018.

### NOTES

- There may be tax implications if you cash in all of your **bond**, please see the **Tax** section starting on page 29 for more information.

### Events beyond our reasonable control

- There may be some circumstances that are beyond our reasonable control. These include the following:
  - Strikes, lockouts or other industrial action;
  - Civil commotion, riot, invasion, terrorist attack or threat of terrorist attack, war (whether declared or not) or threat or preparation for war;
  - Fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural disaster;
  - Restrictions imposed by legislation, regulation, or other governmental initiative that are not as a result of our misconduct;
  - Recession or significant economic collapse of a market, company or country; or
  - Failure of transport networks or other external utilities (for example telecommunications networks, water or power) leading to an unavoidable disruption.
- If an event described above occurs we'll use due care and diligence when considering how to respond and we'll make sure our response is fair and proportionate. We won't be liable or responsible for any failure or delay in performing any of our obligations described in this guide as a result of such circumstances, but:
  - we'll use reasonable efforts to minimise any adverse impacts on you as far as reasonably possible; and,
  - we'll tell you if you're being disadvantaged, as soon as we can.
- There may be other significant events outside our control that we're unable to anticipate. If such an event impacts our ability to perform our obligations under the terms of your **bond**:
  - We'll advise you as soon as we're reasonably able and let you know how we intend to deal with it.
  - How quickly we're able to let you know may depend on the severity of the event.

## 25. 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 **Schedules** 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.

## 26. 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 0345 0260003**

Call charges will vary between telephone providers. We may record and monitor calls.

**Email our helpdesk at:**

[customer.response@landg.com](mailto:customer.response@landg.com)

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication.

**Write to us at:**

Legal & General

PO Box 5457

Hove

BN52 9GG

## 27. HOW TO COMPLAIN

- If you'd like to complain about any aspect of our service, or would like us to send you a copy of our internal complaint handling process, please contact us. Our details can be found in the **Contacting Us** section above.
- Any complaints we can't settle can be referred to:



The Financial Ombudsman Service

Exchange Tower

London E14 9SR

Making a complaint will not affect your legal rights.



**0800 023 4567**

**0300 123 9123**



[complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk) or visit [financial-ombudsman.org.uk](http://financial-ombudsman.org.uk)





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