Tailored Investment Bond

Key features

This is an important document.
Please read it and keep for future reference.

Standard Life

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The Financial Services Authority is the independent financial services regulator. It requires us, Standard Life, to give you this important information to help you to decide whether our Tailored Investment Bond is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

This Key Features Document is for a UK bond and is for use by residents habitually resident in the UK, Channel Islands or the Isle of Man.However if the Tailored Investment Bond is written under the Discounted Gift Plan, Loan Plan and Gift Plan this key features document is only suitable for use by trustees habitually resident in the UK. Due to the technical nature of trusts, it is important that you speak to your adviser before making a decision.

Helping you decide

This Key Features Document gives you information on the main features, benefits and risks of the Tailored Investment Bond.

You should read this document carefully so that you understand what you are buying, and then keep it safe for reference.

A Personal Illustration is also enclosed. It will show you how much you may get in the future.

Your Key Features Document and Personal Illustration should be read together.

If you want further information about the Tailored Investment Bond, please speak to your financial adviser in the first instance. You can also phone our customer helpline. Although we will be happy to answer your questions, we can't give you financial advice. Our contact details can be found on page 15.

More general information can be found in our guide, 'Investing in onshore bonds' (TNB10). You will find further information about using trusts in 'Protecting your assets' (IHTS10). And for details of funds you can invest in ask for 'Investment Bond fund availability' (GEN11E).

Full details of the terms and conditions that apply to your bond can be found in 'Policy Provisions for the Tailored Investment Bond' (TB62).

Contents

1. Its aims

The Bond aims to give you capital growth and/or income, over the medium to long term.

It also aims to give you access to your money by taking regular or one-off withdrawals. Please see the 'Can I take money out?' section on page 7 for further information.

A bond can also be held in trust.

A trust is an arrangement where the owner of the property (the settlor) instructs another person (the trustee) to hold and manage that property for the benefit of one or more persons (beneficiary or beneficiaries).

Holding a bond in trust can help with wealth protection and inheritance tax planning.

2. Your commitment

To invest a minimum payment of £15,000 or £60,000 if you select the Discounted Gift Plan.

To keep at least £2,500 in your Tailored Investment Bond if you wish it to stay open. This is not a requirement for the Discounted Gift Plan (during the settlor's lifetime) or Loan Plan (while there is still an outstanding loan).

Your Tailored Investment Bond is a medium to long-term investment. While the Bond has no fixed term, this means that it should usually be held for at least five years.

3. Risks

This section is designed to tell you about the key product risks that you need to be aware of at different stages of your investment.

At the start

If you change your mind and want to cancel your Bond within the 30 day cancellation period, you may get back less than you paid in. See 'Can I change my mind?' on page 14 for more information, including when you can cancel.

If the policy is taken out in trust, the trust will continue if you cancel the bond. Due to the legal framework of the trust, once the trust has been set up, it cannot be easily cancelled

During investment

Your Bond can invest in a range of funds. These funds vary in their level of risk and their value can go down as well as up and may be worth less than what was paid in.

To spread your risk, you should consider investing in different investments and asset classes. Then you won't need to rely on the performance of a single investment or asset class.

The price of units in investment-linked funds depends on the value of the underlying assets after charges. Their value can go down as well as up, so you might get back less than you paid in.

Some funds invest in overseas assets. This means that exchange rates and the political and economic situation in other countries can significantly affect the value of these funds. Your investment may be worth less than you paid in.

You'll probably be one of many investors in each fund you're invested in. Sometimes, in exceptional circumstances, we may wait before we carry out your request to transfer or switch out of a fund. This is to maintain fairness between those remaining in and those leaving the fund.

This delay could be for up to a month. But for some funds, the delay could be longer:

- It may be for up to 6 months if it's a fund that invests in property, because property and land can take longer to sell
- If our fund invests in an external fund, the delay could be longer if the rules of the external fund allow this.

If we have to delay a transfer or switch, we'll use the fund prices applicable when the transaction takes place – these prices could be very different from the prices on the day you made the request.

External fund managers are in charge of managing their own funds including what they invest in. This means that Standard Life has no control over these external funds' investment performance or continued availability.

Discounted Gift Plan, Loan Plan and Gift Plan

If you put your bond in a trust, the trust conditions will need to be followed when making changes to the bond. It is important for trustees to ensure that any changes they make to the bond or withdrawals made do not breach the trust conditions. We strongly recommend that you speak to your adviser.

When taking withdrawals

You can take money out of your Tailored Investment Bond, but this will reduce its value.

If you take withdrawals that are greater than any capital growth on your Bond, the capital value of your Bond will fall.

Please see the 'Can I take money out?' section on page 7 for more information.

If your bond is part of a Discounted Gift Plan regular withdrawals must be taken from outset and cannot be changed during the settlor's lifetime.

Cashing in your Bond

What you get back depends on the performance of the funds you choose to invest in, and our charges.

The value of your investment and any income from it can go down as well as up and you may get back less than you paid in. There is no guaranteed value.

Although your Personal Illustration gives an indication of what you might get back, the figures are not guaranteed and will depend on several factors.

You may get back less than the amounts shown in your Personal Illustration because:

- Any capital growth could be lower than shown in your Personal Illustration
- Tax rules and legislation could change
- You withdraw money from your Bond earlier or more frequently than anticipated
- You take regular withdrawals which are larger than any growth in your investments
- The charges could go up
- We change the basis on which we set the price of an investment-linked fund
- The performance of the investments is lower than anticipated.

If your bond is part of a Discounted Gift Plan you cannot cash in or assign the bond during the settlor's lifetime.

If your bond is part of a Loan Plan you cannot cash in or assign the bond whilst there is an outstanding loan.

If you wish to cash in your Tailored Investment Bond, please speak to your financial adviser or contact Standard Life. Please see the 'How to contact us' section on page 15.

4. Questions and answers

This section is intended to help answer some general questions you may have, before covering subjects such as:

- Trust solutions
- Payments
- Investment choices
- Income and withdrawals
- Charges, discounts and commission, and
- Tax

in greater detail.

What is a Tailored Investment Bond?

A Tailored Investment Bond is a lump-sum investment which is made up of individual policies, or 'segments'.

The Bond can be divided into as many as 1000 identical individual policies or segments, provided that each has a minimum investment of £150. If you do not tell us how many segments you want, we will give you 100.

Your money is invested with the aim of growing your capital and the possibility of a regular income.

If you choose to invest in the Distribution Fund, you have the option to reinvest your income distributions back into the Distribution Fund.

Can I invest in a Tailored Investment Bond?

The minimum age of a bondholder is 18.

The minimum age of a life assured when taking out a Tailored Investment Bond is three months. The maximum age of a life assured is 84.

The life assured is the individual upon whose life payment of the benefits under the bond depends.

If you select the Discounted Gift Plan, the minimum age for the settlor(s) next birthday is 51. To allow time for underwriting to take place, we have set the maximum age to be six months before the settor's 90th birthday.

You have to be habitually resident in the UK, Channel Islands or Isle of Man to invest in a Tailored Investment Bond. You should speak to your financial adviser if you are not sure whether you qualify as being habitually resident in any of these locations.

If the plan is held under trust, it is only suitable for use by trustees who are habitualll y resident in the UK.

Up to six people can jointly own the bond, and up to six lives assured can be named under the bond.

How flexible is it?

You can make additional payments into your Bond. Please see the 'What payments can I make?' section on this page. This option is not available for Discounted Gift Plan or Loan Plan.

You can cash in your Bond but an Outstanding Funded Initial Commission Charge may apply. For details of this charge please see the section 'What are the charges, rebates and discounts?' on page 10.

You can take withdrawals from your Bond. Please see the 'Can I take money out?' section on page 7.

You can also choose to switch your investment to other funds, although there may be conditions for doing this. Please see the 'Where is my payment invested?' section on page 7.

You can also transfer ownership of part or all of your Bond. This is called "assigning".

Note that restrictions may apply, particularly if the Bond is held under trust.

4.1 Trust solutions

Standard Life offers a range of different trusts that can be used to hold a Tailored Investment Bond. These trusts offer different things so you can choose the one that suits your needs best. For more details on trusts and how they may benefit you, see our guide 'Protecting your assets' (IHTS10).

Discounted Gift Plan

This may be suitable for individuals who wish to retain the right to fixed regular withdrawal payments whilst reducing the value of their estate for inheritance tax.

This product is not suitable for individuals who need full access to the original capital or income.

Gift Plan

This may be suitable for individuals who are willing to make an outright gift with no future access to the payment.

Loan Plan

This may be suitable for individuals who want to start to make IHT savings but aren't willing to make an outright gift.

It could also be suitable for individuals if they wish the flexibility of being able to ask for the loan to be repaid on demand.

Types of trust

The settlor(s) can choose the type of trust that best suits their goals:

Discretionary trust – lets the settlor(s) indicate who they would like to benefit from the Plan, but the trustees have the final choice

Flexible trust – lets the trustees choose who benefits from the beneficiaries defined in the trust. At outset the settlor(s) will specify a main beneficiary or beneficiaries. They are entitled to any income and will benefit if the trustees don't make any choice about the trust fund

Absolute trust – the settlor(s) specifies the beneficiaries when the Plan is set up. These Beneficiaries can't be changed by the trustees.

Under each Trust, there must be at least one Beneficiary alive at the time of creating the Trust.

4.2 What payments can I make?

Minimum payment

The minimum payment is:

- £15,000, or
- £60,000 if you select the Discounted Gift Plan.

Maximum payment

There is no maximum. If you invest more than £1,000,000 we may offer different terms and conditions.

Additional payments

You may be able to make additional payments to your initial payment, subject to a minimum payment of £2,500 per additional payment and any maximum age limit.

Additional payments can only be invested in the funds available at the time of making the payment.

This option is not available for Discounted Gift Plan or Loan Plan.

Payment methods

Payments less than £1,000,000 can be made by:

- BACS
- Faster payment
- CHAPS/Telegraphic Transfer, or
- cheque.

Cheques must be made payable to 'Standard Life Assurance Limited'.

Payments of £1,000,000 or more must be made by CHAPS/Telegraphic Transfer.

Your bank may charge you for making a payment by CHAPS/Telegraphic Transfer.

4.3 Where is my payment invested?

You can invest your payment in a fund, or funds from the wide range we offer. You can invest in a maximum of 100 funds at any one time. Each fund is made up of units and your payment is used to buy units in your choice of fund(s).

Some funds will be riskier than others, so it is important to discuss with your financial adviser which funds best match your needs. Further information on the funds available can be found in 'Investment Bond fund availability' (GEN11E) and on our website **www.standardlife.co.uk**

Please note that we may place an investment restriction(s) on any fund at any time, including additional payments and switches from other funds.

What you get back when you cash in your bond is directly related to the value of the funds you invest in.

Switching your investment

You can switch between investments without liability for tax.

A request to switch will result in your existing holdings being sold and new holdings being purchased. Please refer to the Policy Provisions (TB62) for details of how switch instructions are processed, and contact us for details of the timings that will apply to specific transactions.

All investment choices are made at your own risk, so it is important to seek appropriate financial advice. Standard Life is not responsible for the performance or solvency of the external providers of the investments available through the Tailored Investment Bond.

4.4 Can I take money out?

You can take money out of your Tailored Investment Bond, but this will reduce its value. You can take regular withdrawals (or an income distribution if you are invested in the Distribution Fund), one-off withdrawals or fully cash in your bond.

Regular withdrawals

You can take regular withdrawals every:

- month
- three months
- four months (not available for Discounted Gift Plan)
- six months, or
- year.

You can take withdrawals from one month after the start date of your policy. Payment will be made direct to your requested bank account.

You can also take one-off withdrawals. The minimum for a one-off withdrawal is £500. For Discounted Gift Plan, during the settlor's lifetime, one off withdrawals are not allowed.

You must keep at least £2,500 invested in your Tailored Investment Bond if you wish it to stay open. If the value of your Bond falls below £2,500, your Bond will be automatically cancelled and the money returned to you. This is not a requirement for the Discounted Gift Plan (during the settlor's lifetime) or Loan Plan (while there is an outstanding loan).

Your regular withdrawals can be:

- a fixed cash amount, or
- a percentage of your initial investment less any partial cash-ins.

If you choose a percentage of the value of your initial investment less any partial cash-ins, or a fixed cash amount, you can change your withdrawal amount, subject to any limits that apply at the time.

Income distributions (these are only available if you have invested in the Distribution Fund)
The distribution from the Distribution Fund is declared on 16 February and 16 August of each year. You can take the Income Distribution every:

- month
- three months (Feb, May, Aug, Nov)
- six months (Feb, Aug)

If you choose to receive an income distribution monthly or three monthly, the income distribution is paid into your Distribution Cash Fund and then paid at the frequency you have selected to reach your bank account 3-4 working days after the 16th of the month.

The amount of income distribution payment you receive is based on what you paid in, the level of the income distributions you ask for and the level of the income distributions we declare. We announce the level of the income distribution in February and August each year.

You can choose to reinvest the distribution payments back into the fund.

The Distribution Fund aims to provide an income of 5% a year. If you choose to take this, please remember that, if the fund does not generate sufficient income to meet the 5% target, and a lower distribution is declared, units would be cancelled to meet the shortfall. This may cause the capital value of your investment to fall.

If the Distribution Fund does not generate sufficient income to meet the 5% target but a 5% income distribution is still declared, part of the income distribution payment will be funded from capital in the Distribution Fund, as the unit price will be reduced and this will reduce the value of your bond.

Minimum and maximum withdrawal/ income amounts

The minimum regular withdrawal amount is £100.

The minimum regular withdrawal amount for a Discounted Gift Plan is £250.

The maximum regular withdrawal rate is 10% a year of your initial investment less any partial cash ins.

If you ask us to pay Funded Initial Commission to your financial adviser, and you cash in your Bond, or take one-off withdrawals within the Funded Initial Commission Charge period (six years following the investment), we may apply an Outstanding Funded Initial Commission Charge. Please see the 'Outstanding Funded Initial Commission Charge' section under 'What are the charges, rebates & discounts?' on page 11 for more information.

Withdrawal payments within a Discounted Gift Plan

The settlor(s) specifies the amount and frequency of the fixed regular withdrawal payments they wish to receive from the Plan (this is called the 'retained payments'). They can choose fixed regular withdrawal payments of between 0.5% and 10% (increasing in steps of 0.5%) of the initial payment.

The settlor is only entitled to the fixed regular withdrawal payments as specified in Part E of the Trust. These payments are set at outset and can not be stopped or changed. The payments will stop if the investment is reduced to nil or the death of the surviving settlor.

Taking ad hoc withdrawals during the settlor's lifetime for a Beneficiary would be a breach of trust.

As Trustees you will provide these fixed regular withdrawal payments by taking withdrawals from the bond. The settlor(s) will receive the fixed regular withdrawal payments for the rest of their lifetime, unless the value of the bond reduces to nil.

Gift Plan

To avoid 'gift with reservation rules' it is very important that the settlor(s) can not receive any income or capital from the trust.

Loan Plan

The settlor's entitlement is confined solely to the repayment of the interest free loan. Once the Loan Plan is in place, the Trust cannot be cancelled easily. But the loan can be repaid to the settlor(s) and any surplus funds distributed to the Beneficiaries at which point the Trust comes to an end.

Once the Loan is repaid it is important that the settlor(s) receives no further funds or the Loan Plan may not be effective for IHT purposes.

Trustees should exercise particular caution before making any payment to a Beneficiary when the Loan still exists. Trustees can be held liable if there are insufficient funds to repay the loan due to a capital payment having been made to a Beneficiary.

The Trustees should carefully note the loan repayments on a 'Record of Loan Repayments' form. This is available from your financial adviser.

Please see the 'Withdrawals' section under 'What about tax?' on page 12 for information on the tax treatment of withdrawals for UK residents.

4.5 What is the Phased Investment Option (PIO)?

This option allows you to invest all your money in the Standard Life Sterling Life Fund, and then gradually switch part of your investment out of that fund into other funds over the course of a year.

If you were to invest all of your money into your chosen fund on one day, the performance of your investment would depend on the price of the fund on that day. There is a risk that markets may then fall suddenly. The phased investment option spreads your investment over a year to reduce the impact of this risk, as you will get an average price over the year. With this option you start by investing all your money in the Standard Life Sterling Life Fund. We then gradually switch your investment out of that fund into your chosen fund over the course of a year.

To use this option, you must invest entirely in the Standard Life Sterling Life Fund.

You can choose:

- a 100% switch, which means that 100% of your investment will be switched from the Standard Life Sterling Life Fund and invested gradually over one year in your chosen fund(s), OR
- a partial switch, which means that only part of your investment will be switched from the Standard Life Sterling Life Fund and invested over one year in your chosen fund(s), leaving the balance of your money invested in the Standard Life Sterling Life Fund.

The PIO only applies if you specifically select to set up this option either when you apply to open your Bond, or at any time when the Bond is in force. If you have selected this option, please note that all other terms and conditions for the Tailored Investment Bond will continue to apply.

How does the PIO work?

The first switch will happen three months after the PIO is set up. For example, if you set up the PIO on the 15th of January, the first switch will happen on the 15th of April. Every time a switch is carried out, a switch statement will be issued to you.

100% switch

If you choose to switch 100% of your investment out of the Standard Life Sterling Life Fund, your switch will be processed as follows:

- Month 3: 25% of the fund value switched.
- Month 6: 33.33% of the remaining fund value switched.
- Month 9: 50% of the remaining fund value switched.
- Month 12: The remaining fund value will be switched.

The percentages vary each month because each switch is based on the value of your investment at the time of your switch and not on your original investment amount.

Partial switch

If you choose the partial switch, we will switch the percentage that you choose to switch out of the Standard Life Sterling Life Fund into your chosen fund(s) every three months.

For example, if you choose to switch 20%, we will switch 20% of your fund value in month 3 and 20% of the fund value in each of months 6, 9 and 12 from the Standard Life Sterling Life Fund into your chosen fund(s).

This will mean that 80% of your investment will be switched into new funds and 20% of your investment will remain in the Standard Life Sterling Life Fund.

Cancel the PIO

If you want to cancel this option, you must phone us on **0845 60 60 002**, at least five working days before the next switch is due to take place. Calls must be received before 5pm. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Once an instruction to cancel a switch is received, all future switches using the PIO will also be cancelled. Your money will remain invested in the funds applying at the time of cancellation of the PIO until you contact us with any new switch instructions.

4.6 What are the charges, rebates and discounts?

We charge for managing your Tailored Investment Bond and for paying commission to your financial adviser. These charges will affect the value of your Bond.

We regularly review our charges and may alter them to reflect changes in our overall costs, or assumptions. Any increases will be fair and reasonable.

How much you pay is determined by the five components below:

- **Allocation rate** – the amount of your payment that is used to buy units in the funds of your choice.
- **Fund Management Charge** – the charge for managing the investment options you choose.
- **Product rebate** – we provide a rebate on charges.
- **Large Fund Discount** – discount based on the size of your overall investment that can offset part of the charges.
- **Commission** – the commission you pay to your financial adviser.

The charges that will apply to your Tailored Investment Bond will be set out in your Personal Illustration.

4.6.1 Allocation rate

The allocation rate refers to the amount of your payment that is used to buy units in the funds of your choice. The standard allocation rate is 100%. Please see your Policy Schedule for your actual allocation rate.

4.6.2 Fund Management Charge

This charge is made for the management of your investment(s) and/or for administration costs. The charge varies depending on the investment(s) chosen, and is taken from the investment(s) each day before the unit price is calculated.

The yearly rate of this charge is shown on your Personal Illustration.

Additional Expenses

Fund managers may charge an additional expense to cover costs such as fees for trustees, registrars, auditors and regulators. This charge is likely to vary. The current amount is included in your Personal Illustration.

4.6.3 Product rebate

A product rebate of 0.4% a year will be applied to your Bond, reducing the effect of the Fund Management Charge. The rebate applies to all funds and is achieved by creating extra units in your fund(s) at the end of each month.

4.6.4 Large Fund Discounts

When your investments are of a certain size, we will apply Large Fund Discounts to offset part of the effect of the charges. Please refer to your Personal Illustration for details of the Large Fund Discounts that will apply to you.

Large Fund Discounts will be applied by creating units in proportion across the funds at the end of each month.

Total size of investments within bond	Discount
£50,000 - £99,999.99	0.05%
£100,000 - £149,999.99	0.10%
£150,000 - £249,999.99	0.15%
£250,000 and over	0.20%

4.6.5 Commission

We also need to make charges based on the type of commission you pay to your financial adviser.

Initial Commission

An Initial Charge is made if your financial adviser takes Initial Commission. It is a one-off charge that is taken from your initial investment. The charge is 1% of your total initial investment value for each 1% of commission we pay, up to a maximum charge of 8% of the total initial investment.

Funded Initial Commission (for which we make an additional charge)

A Funded Initial Commission Charge is applied monthly in arrears if your financial adviser takes Funded Initial Commission. The charge is 0.2% of your current investment value each year (or of the initial payment, if higher) for every 1% of commission we pay, for the first six years of the investment. The maximum charge is 1.0% of your current investment value (or of the initial payment if higher).

It may be possible for your financial adviser to rebate some of the Funded Initial Commission to increase your allocation rate. Please note that you will still be charged for this through the Funded Initial Commission Charge.

Outstanding Funded Initial Commission Charge
If we pay Funded Initial Commission to your financial adviser on your behalf and within the Funded Initial Commission charging period:

- your Bond lapses, or
- you fully cash in your Bond, or
- you partially cash in individual policies (segments) across the whole Bond and the remaining value of your Bond is less than 50% of the initial payment, or
- you cash in part of your Bond by fully cashing in individual policies (segments), or
- the last surviving life assured dies

we will make a charge to recover the commission that we have advanced to your financial adviser on your behalf. The table below gives examples of the charge.

Example 1

- Initial investment £15,000
- Funded Initial Commission 1%
- No fund growth assumed for illustrative purposes

If you cash in at the end of year	Charges as a % of your investment (or initial investment if higher)	Investment value at end of year	Charges as a monetary amount
1	1%	£15,000	£150
2	0.80%	£15,000	£120
3	0.60%	£15,000	£90
4	0.40%	£15,000	£60
5	0.20%	£15,000	£30
6	0%	£15,000	Zero

Example 2

- Original Investment £15,000
- Funded Initial Commission 5%
- No fund growth assumed for illustrative purposes

If you cash in at the end of year	Charges as a % of your investment (or initial investment if higher)	Investment value at end of year	Charges as a monetary amount
1	5%	£15,000	£750

Fund Based Renewal Commission (for which we make a renewal charge)
A Renewal Charge will apply if your financial adviser takes Fund Based Renewal Commission (FBRC). This is a regular charge that is taken monthly, quarterly, half-yearly or yearly in arrears as long as FBRC is being taken by your financial adviser. The charge is 0.1% of your total investment value for each 0.1% of the commission we pay, up to the maximum charge of 1% of the total investment.

The information that follows applies to all charges
The charges are regularly reviewed and may be altered to take account of changes in assumptions and costs. The charges and their effect on the value of your Tailored Investment Bond are shown in your Personal Illustration. As a result of a review of assumptions and costs, we can increase the charges we make if we have reasonable grounds for doing so.

For further information on how we may review our charges, please see your policy provisions document (TB62).

4.7 What about tax?

This section applies only if the Bond is owned by an individual or individuals resident for tax purposes in the UK.

For trusts this is only suitable if you (the Settlor(s)), Trustees and your Beneficiaries are resident in the UK and intend to remain resident in the UK. If this is not the case then there could be additional tax consequences. Many different factors determine whether a person is resident in the UK so you should speak to adviser if you are unsure about this.

If the Bond is owned by a company or partnership, please refer to your financial adviser for more information.

Standard Life pays tax on the income and any gains on the fund(s) investments. This means that if you are a non taxpayer or a basic-rate taxpayer, you will normally have no additional tax to pay on the proceeds of the Bond.

Withdrawals

You can take tax-deferred withdrawals each year of up to 5% of the total payments made into your Bond, up to a maximum of 100% of the total amount paid into the Bond. If you do not use your allowance in a particular policy year, you can carry it forward to a future year.

If you cash in all or part of the Bond, or take withdrawals amounting in any policy year to more than 5% of the total amounts paid into your Bond, part of your benefit may be treated as a 'chargeable gain'.

Chargeable gains

You will have to pay tax on a chargeable gain if you are a higher-rate or additional rate taxpayer. The rate for this will not be more than the difference between basic and higher rates of income tax.

The chargeable gain is calculated by HM Revenue & Customs as follows:

- When you cash in your Bond, the chargeable gain is generally the amount you receive plus any amounts you have previously taken, less the total amounts paid into the Bond, less any previous chargeable gains.
- If you die, the chargeable gain if a cash sum is paid on death is generally the cash in value of the Bond immediately before death plus any amounts previously taken, less the total amounts paid into the Bond, less any previous chargeable gains.
- If you take a withdrawal (including any income distributions), a chargeable gain is calculated for the current policy year by adding all the withdrawals made during the year and deducting the amount of the 5% allowance available, as described previously.

If you would not otherwise be a higher-rate taxpayer, but any chargeable gain, when added to your income, takes your income into the higher-rate tax bracket, the tax payable may be reduced by 'top slicing relief'. If you want this to be explained further, please seek financial advice.

Chargeable gains are normally assessed on the bond owner. Therefore, if you are a couple paying different rates of tax, it may be more tax efficient for the partner with the lower tax rate to own the Bond. If you want this to be explained further, please seek financial advice.

Your Bond may be split into individual policies, or segments, depending upon the amount you have invested. When you take a withdrawal, you may choose to take an equal amount from each policy or to cash in individual policies, whichever method gives you the lower tax liability.

When you incur a chargeable gain, the addition of the gain to your income may adversely affect any age allowance to which you are entitled. Your allowance cannot be reduced below the level of the ordinary tax allowance.

Similarly, a chargeable gain may affect your entitlement to working tax credit and child tax credit.

Inheritance tax (IHT) liability

Your Bond will form part of your estate on death and may therefore increase your inheritance tax (IHT) liability.

Trusts

If your Tailored Investment Bond is held in trust, tax implications can occur in the following circumstances:

- Trust set up
- Withdrawals
- Payment to a beneficiary
- 10 yearly anniversary charge
- Assignments of the bond
- Death of a beneficiary
- Death of a settlor
- Full or partial surrender

Trust taxation is a complex area and will vary depending on your individual circumstances. Please refer to your legal or financial adviser for more information.

Discount Gift Plan only

When investing in a Discounted Gift Plan there is the possibility of a discount being available to reduce the inheritance tax value of the gift the settlor(s) makes. The discount value is based on the level of fixed regular withdrawal payments the settlor(s) has requested to be paid to them from the Plan and their life expectancy at the time the plan is set up.

Our underwriters will assess the settlor(s) medical history and based on this information they receive, calculate what in their option the settlor(s) life expectancy is. An age rating will apply which could be higher than the settlor(s) actual age. The age rating will be always be equal or greater than the settlor(s) actual age.

If the settlor(s) is rated over age 90 after underwriting, the value of the discount will be deemed to be zero. This is in line with HMRC guidance note. Please speak to your financial adviser for more information.

If the plan is established by joint settlor(s), each is regarded as making a gift equivalent to 50% of the total investment; however, each settlor will be given their own discount calculation. We will apportion the amount of discount to reflect each settlor's age and health.

The discount figure is not guaranteed and HMRC may reduce the figure.

No underwriting
If the settlor(s) selects no underwriting, no discount certificate will be issued. If they should die within seven years of setting up the Plan, their Executors can discuss with HMRC whether a discount can be applied to the value of the gift they have made.

Life assured
Neither the settlor nor their spouse or Civil Partner should be lives assured on the Investment Bond, in order for the Plan to be effective for inheritance tax purposes.

Laws and tax rules may change in the future. The information in this Key Features Document is based on our understanding in April 2012. Your personal circumstances also have an impact on tax treatment. The future tax position of the Tailored Investment Bond or your own tax position may alter.

4.8 What happens to my Tailored Investment Bond if I die?

The Bond will continue until the death of the last life assured.

When the last surviving life assured dies, we will cancel all of the units invested in funds at the date we are notified of the death of the last life assured. We will then deduct any applicable outstanding Funded Initial Commission charges and any exit charges applied by external investment managers to give the cash in value. Please see the 'Outstanding Funded Initial Commission Charge' section under 'What are the charges, rebates and discounts?' on page 10.

Once all of the investments under the Tailored Investment Bond have been sold, we will then pay out 100.1% of the total cash-in value. The cost for providing this is allowed for in our charging structure.

If the Tailored Investment Bond is written under trust, the cash sum will be paid to the trustees after the death of the last surviving life assured.

4.8.1 What happens to the Discounted Gift Plan, Loan Plan or Gift Plan when a trustee dies?

When a trustee dies, ownership remains with the surviving trustees.

4.8.2 When the settlor(s) dies

Discounted Gift Plan
The fixed regular withdrawal payments will stop. If there are joint settlors and one dies the surviving settlor will continue to receive the same level of payment for the remainder of their life or until the fund reduces to nil.

No value, in respect of the deceased's right, will be included in the estate of the first settlor to die.

The settlor(s) might not reduce their inheritance tax liability if the retained payments they receive from the Plan are accumulated in their estate, as their value could be liable to inheritance tax when they die.

Death within seven years of setting up the Plan?
The discount shown on the "Discount Certificate" is the amount we consider would have no value in the settlor's estate for inheritance tax purposes when they set up the Trust and if the settlor dies within seven years. The remaining potentially exempt transfer or chargeable transfer (depending on the trust used) will form part of their estate for IHT calculation purposes.

Please note that HMRC reserves the right to examine an individual case at any time and may revise the discount figure. This means that the settlor(s) might not reduce their inheritance tax liability if HMRC interprets existing legislation differently or if legislation or HMRC practice changes.

Death after seven years of setting up the plan?
If the settlor survives seven years after setting up the Plan, the whole gift will be exempt for IHT. Sometimes the trust itself may have other IHT charges. Trust taxation is a complex area and will vary depending on your individual circumstances. Please refer to your legal or financial adviser for more information.

Gift Plan

If the settlor(s) dies within seven years of setting up the Gift Plan, there may be additional inheritance tax payable on the gift made.

Loan Plan
The balance (if any) of the outstanding Loan is included in the settlor(s) estate on death and will therefore be liable to IHT in the normal way.

4.8.2 When a beneficiary dies

Depending on the trust type, the beneficiary's share of the trust assets could form part of the deceased beneficiary's estate.

Discounted Gift Plan
If the settlor (or one of the joint settlors) is still alive it is only possible to estimate the value of the deceased beneficiary's interest. The true value cannot actually be established until after the last settlor's death.

Loan Plan
If there is an outstanding loan and the settlor (or one of the joint settlors) is alive. This will be established by deducting the outstanding loan value from the investment bond value.

4.9 Other important questions

Can I change my mind?

You have a right to cancel your contract if you change your mind about investing in the Bond. You have a 30 day period to consider if you want to change your mind. This 30 day period starts from the day you receive your policy schedule and policy provisions (TB62).

During this period, if you decide you want to cancel your contract, you should write to us at the address shown in the 'How to contact us' section on page 15, instructing us to cancel the contract. Where there is more than one bond owner, or where the bond is set up under trust, all bond owners/trustees must sign the letter. Please ensure that you include your Tailored Investment Bond number in any correspondence with us. If you cancel your contract during the 30 day period, you may get back less than you paid in. This is because we may make a deduction to reflect any market loss we have experienced between the date we received your payment and the date we received your instruction to cancel.

If you decide to cancel your contract, and we have already received payment, we will refund the payment to the person who made it.

At the end of the 30 day period, you will be bound by the terms and conditions of the policy and any money received by Standard Life will not be refundable under the cancellation rule.

Where we believe we may be unable to sell funds readily, we may defer the purchase of certain funds until the 30 day period has expired.

How will I know how my Tailored Investment Bond is doing?

We will send you a user ID and password so that you can check your Tailored Investment Bond details on our website **www.standardlife.co.uk**

We will also send you a statement each year giving the value of your Tailored Investment Bond.

You can call our customer help line on **0800 634 7471** for an update. Please have your bond number ready when calling. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

5. Other information

If you need to complain

We can send you a leaflet summarising our complaint handling procedure, on request.

If you need to complain, you should first write to us at the address shown in the 'How to contact us' section on page 15. If you are not satisfied with our response, you can complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
LONDON
E14 9SR

Telephone: 0845 080 1800

Switchboard: (020) 7964 1000

Fax: (020) 7964 1001

Website: **www.financial-ombudsman.org.uk**

Email:
complaint.info@financial-ombudsman.org.uk

Making a complaint will not affect your legal rights.

Terms and Conditions

This Key Features Document only gives a summary of the terms and conditions of your Bond. For the full terms and conditions that apply to your Bond, you should read the Tailored Investment Bond policy provisions (TB62) and the trust deed if your bond is held in trust.

We may change some of the terms and conditions of your Bond. We will notify you if this happens.

Law

In legal disputes, the law that applies is usually the law of the country in which you are resident when you take out the Tailored Investment Bond.

Language

The English language will be used in all documents and future correspondence.

Compensation

The Financial Services Compensation Scheme (FSCS) has been set up to provide protection to consumers if authorised financial services firms are unable, or likely to be unable, to meet claims against them.

Your contract is a long-term contract of insurance. You will be eligible for compensation under the FSCS if Standard Life Assurance Limited (SLAL) becomes unable to meet its claims and the cover is normally 90% of the value of your claim.

If you choose one of our funds that invests in a mutual fund run by another firm (including Standard Life Investments Limited), you are not eligible for any compensation under the FSCS if that firm is unable to meet its claims. SLAL is not eligible to make a claim on your behalf so the price of a unit in our fund will depend on the amount that we recover from the firm.

For further information on the compensation available under the FSCS, please check their website **www.fscs.org.uk**

If you have any questions about whether your contract is covered or not, you can speak to your financial adviser or contact us directly.

6. How to contact us

Although your financial adviser should normally be your first point of contact, you can contact us if you have any questions or would like to make any changes to your Tailored Investment Bond.

If you would like to contact us, you can always phone us, or write to us. You can call us on **0800 634 7471**. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Standard Life Assurance Limited
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH
United Kingdom

7. About Standard Life

Standard Life Assurance Limited's product range includes pensions and investments.

Standard Life Assurance Limited is on the Financial Services Authority Register.
The registration number 439567.

Find out more

If you'd like further information on this or any of our other products, or if there's anything more about Standard Life we can help you with, just call us on this number, or visit our website.

Call us on 0800 634 7471

(Mon-Fri, 9am to 5pm).Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

www.standardlife.co.uk

Products provided by subsidiaries of Standard Life plc or other specified providers.