

Natural income guide



What is it?

A way of receiving a regular income from your policy. You invest in specific funds (see 'What are the specified funds?') and growth from these funds is used for regular withdrawals.

How does it work?

We declare a distribution rate every six months, on 30 May and 30 November. We then apply this rate to the units you hold in the specified funds, to work out how much you get.

For example:

Units held in the L&G Distribution Fund = 20,000

Distribution rate (declared on 30 November) = 24p per unit held

Natural income = 20,000 x 24p = £4,800

Natural income can be taken as a one-off payment every six months, or paid monthly. Payment dates are the 14th of each month.

Using the example above, you would receive:

Payment frequency	Payment amount	Payment date
Once every six months	£4,800	14 December

or

Monthly	£800	14 December
	£800	14 January
	£800	14 February
	£800	14 March
	£800	14 April
	£800	14 May

We declare a new distribution rate on 30 May, with withdrawals beginning at the new rate on 14 June.

Which policies are eligible?

You must have one of these policies to take natural income:

- **Select Portfolio Bond**
- **Investment Bond with and without Death Guarantees**
- **Portfolio Bond Cofunds**
- **Capital Investment Portfolio series 2, 3 & 4**
- **Portfolio Bond IPS**
- **Trust Bond**
- **Portfolio Bond Off platform IFA**
- **With-Profits Bond**
- **Portfolio Bond Barclays**
- **With-Profits Distribution Bond**
- **Select Portfolio Bond**
- **Investment Bond**

Customers with a With-Profits Income/Growth Bond can continue to receive existing natural income but cannot set up new natural income.

What are the specified funds?

You must be invested in one or more of the following funds to take natural income:

- **L&G Distribution Fund**
- **L&G Life Distribution Fund**
- **L&G Distribution (Growth) Fund**
- **L&G Life Distribution (Growth) Fund**
- **L&G Managed Fund**
- **L&G Life High Income Fund**
- **L&G Property Fund**
- **L&G Life Managed Bond Fund**
- **L&G High Income Fund**
- **L&G Life Property Fund**
- **L&G Managed Bond Fund**

How do I start?

If your policy is wholly invested in one or more of the specified funds, call us on 0800 073 1777 and we'll send you a form. Once we get your completed form back it usually takes a few days to get everything set up. Your withdrawals will then begin after the next distribution rate declaration (on 30 May and 30 November).

To switch into the specified funds, complete an online request at reassure.co.uk/switching-funds or call us.

What else do I need to know?

- Distribution rates are declared on 30 May and 30 November, and then applied to withdrawals beginning on 14 June and 14 December, respectively.
- Because investment growth is used to provide your income, the value of your policy is less likely to increase. This makes your policy more vulnerable to the effects of inflation, which reduces the buying power of your money in the long-term.
- If your total withdrawals in a year are worth more than 5% of the money you originally invested in your policy, you may have to pay a tax charge. Although we may warn you about this, it's your responsibility to check and to pay any tax charge that's due.

- Withdrawals can only start on 14 June or 14 December. Any change to payment frequency will only be applied after the next distribution rate declaration.
- You can't take natural income if you're already taking another type of regular withdrawal from your policy. Similarly, once you set up natural income, you can't take another type of regular withdrawal at the same time, from the same policy.
- We'll write, shortly after we declare the distribution rate, to tell you how much income you're going to get.
- Once your withdrawals are set up, we'll keep paying them automatically. So you only need to contact us again when you want to stop receiving them.
- The amount you get can vary following each declaration, and can go down as well as up.

Where can I get help?

We recommend you get independent professional advice from a Financial Adviser if you're unsure what to do. A Financial Adviser can make a personal recommendation based on your individual circumstances and the options available to you. If you don't have an adviser, you can find one at moneyhelper.org.uk/choosing-a-financial-adviser. You may have to pay for any advice you receive.