

MAKING ADDITIONAL INVESTMENTS INTO THE MULTIBOND

Although the Capital and Income Bond (CAB), Skandia Distribution Bond (SDB) and Skandia Investment Bond (SIB) have closed to new business, existing customers can still pay additional premiums (i.e. make further investments) into their bond.

Since November 2001 we have referred to the CAB, SDB and SIB as the MultiBOND.

This document explains how additional premiums can be invested, and the charges that apply. It also explains the Early Encashment Charges that can apply to withdrawals under certain circumstances.

For specific details of how much your own charges will be and their effect on your investment, please refer to your personalised illustration.

Please bear in mind that the rules around withdrawing money from your bond can be complex. If you are considering a withdrawal, we recommend that you speak to your financial adviser about the most efficient way to do so without incurring unnecessary charges.

If you have any further questions having read this document, please contact your financial adviser.

The important details of our investment bonds are contained in the relevant Key Features Document, which you would have been given when you first took out the bond and which you should read before making any investment decision. Further copies of the Policy Terms and Conditions and Key Features Document are also available upon request via your financial adviser or ReAssure.

You should be aware that the value of unit-linked contracts is not guaranteed, as the price of units may fall as well as rise.



ReAssure

ADDITIONAL INVESTMENTS

Additional premiums of £1,000 or more can be paid in at any time, which we will invest in your chosen fund(s).

Additional premiums will be subject to the Policy Terms and Conditions on offer at the time, which could result in your additional investment being issued under different terms.

For example, we may change the allocation percentages for additional investments or our charges that apply to the bond in the future.

We will not allow you to pay additional premiums into your bond if the age of the life assured exceeds our maximum age limit at that time.

UNIT ALLOCATION

We use a percentage of your additional investment to buy a share, called 'units', in your chosen fund(s). This is known as the allocation percentage.

We will calculate the allocation percentage at the time of the new premium payment, based on:

- the total of all amounts you have paid into your bond, and
- the table of allocation percentages that apply at time of the additional investment, and
- the age of the youngest living or only life assured, where you set your bond up on a single life or joint life, last death basis,
or
- the age of the oldest living life assured where you set your bond up on a joint life, first death basis..

ALLOCATION PERCENTAGES*			
	Aged		
Total investment (including additional premium)	65 or under	65-75	76+
Less than £24,999	100.5%	99.5%	99.0%
£25,000 – £49,999	101.5%	100.5%	100.5%
£50,000 – £74,999	102.5%	101.5%	101.0%
£75,000 +	103.0%	102.0%	101.5%

**If your bond was taken out before April 2005 the base allocation rate will have been 100% and any additional investment made now will also be on a 100% allocation rate.*

Unit-linked funds can have different prices for selling and buying units. These are known as the 'bid' (selling) and 'offer' (buying) prices. When you first invest into an initial-priced ReAssure product they will be allocated units using the 'offer' price of the unit-linked fund and therefore pay the initial charge. Any subsequent valuation, switch, withdrawal or cancellation of units to pay for charges within that product will be carried out at the 'bid' price. Thus, you will only pay the initial charge once – when new money is invested in the product.

Please note that the Skandia Investment Bond involves a 'bid/offer spread' of 5% since we allocate units at the buying or 'offer' price and sell them at their selling 'bid' price. However, there is no 'bid/offer spread' for the Capital and Income Bond or Skandia Distribution Bond. This is because we buy and sell all units at their selling, or 'bid' price.

As the table above shows, if the life assured is aged over 65 and the total investment is below £24,999, the allocation percentage for any additional premiums will be below 100%. This represents an initial charge and applies to the Multibond.

YOUR INVESTMENT CHOICE

We allow you to change the funds you invest in at any time. This is known as switching and is an option which we currently include free of any administrative charge in every bond.

When you took out the Capital and Income Bond or the Skandia Investment Bond, you could invest in up to ten funds. You can switch any one of your funds into a maximum of ten other funds at any time, giving you ultimate flexibility. If you wish to invest in a distribution fund then you will need to invest 100% of your investment in distribution funds. You cannot split your fund choice between distribution funds and other types of fund.

We will process all switches at the selling price applicable on the working day after we receive your instructions at our Head Office. The selling price is also known as the 'bid price', and is the price at which we will sell the units in the fund(s) back to you.

We reserve the right to defer or decline switches where we consider this to be in the interests of our Policyholders (see **deferring transactions** below). The selling prices for switches may reflect any dealing costs involved in carrying out your request, which will reduce the value of units switched. This is described in more detail below, under the section **changing the unit price**.

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CHANGING THE UNIT PRICE

We normally carry out transactions, such as switches or withdrawals, using valuations based on the buying prices of the underlying assets. However, there may be occasions when we have to sell assets because more money moves out of the fund than into it on any one day.

If this occurs, we may adjust the pricing basis we use for calculating unit prices to protect policyholders who remain in the fund.

Any adjustment will result in a drop in the selling price on that day, which will broadly reflect the difference between the buying and selling prices of the fund's underlying assets. The more specialist the fund, the greater the potential effect of the adjustment.

DEFERRING TRANSACTIONS

To safeguard policyholders in our funds, we reserve the right to defer a transaction by up to two weeks. However, if the fund directly or indirectly holds property, we may use a longer deferred period, up to a maximum of 12 months. This may be because the property in the fund is not readily saleable. In addition, if circumstances prevent us calculating a fair and accurate price for a transaction, we may defer it until we are able to calculate a fair and accurate price. We would do this only where it was in your interest and the interests of our other policyholders. For example, this may be the case if shares held in a particular fund were to be suspended on the stock exchange.

CHARGES

Please note that we treat additional amounts paid into your bond as new investments in respect of all the charges, early encashment penalties and allowances described in this section.

ESTABLISHMENT CHARGE

Capital and Income Bond/ Skandia Distribution Bond

During the first six years after you pay an additional premium into your bond, we will deduct a charge of 1% of the value of units bought with that premium, at their selling price, each year.

We will take this monthly by selling units equally across your chosen fund(s) at a rate of 1/12th of 1%.

Skandia Investment Bond

There is no establishment charge, since we take the bid/offer spread of 5% upfront.

ANNUAL MANAGEMENT CHARGE

We will take an Annual Management Charge which is currently 0.75% of the bid (selling) value of the fund units in your bond each year. This is taken daily and is reflected in the price of the units.

We may vary this charge in future if administration costs and expenses (which are reasonable in amount and reasonably incurred) affecting the bond increase, or if there is any change to taxation, or any regulatory change adversely affecting life companies which affects the bond, but not otherwise. Any change will be proportionate. We will advise you of any such changes at the first practical opportunity, although we may change charges without notice.

FUND MANAGEMENT CHARGES

The underlying funds in your bond incur fund management charges that are reflected in the daily pricing of the units and vary according to the fund chosen.

We publish the latest fund management charges in our funds list, which you can find on our website www.reassure.co.uk under the section on funds.

EARLY ENCASHMENT CHARGE

Skandia Investment Bond taken out before April 2005

There is no Early Encashment Charge.

Skandia Investment Bond taken out after April 2005/Capital and Income Bond/Skandia Distribution Bond

When you cash in some or all of your policies, or take a withdrawal from your bond, we will apply an Early Encashment Charge. This charge applies for up to six years from the date of the original investment and each additional investment. **For units bought with an additional investment, this six year period is measured from the date on which the investment takes place.**

Any charge will reduce the amount we pay you when you fully encash your bond. Or, in the case of a partial withdrawal, will result in us selling additional units from those remaining within the bond to cover the charge. The charge will only apply if the amount you take exceeds the penalty-free allowance, which is described on page 5. The penalty-free allowance can therefore reduce or eliminate this charge.

The charge also applies to payments made as a result of the death of a life assured, in the following circumstances:

- single life assured – when the life assured is aged 75 or over at outset, or at the time an additional premium is paid into the bond
- joint lives assured, first death – when any of the lives assured are aged 75 or over at outset, or at the time an additional premium is paid into the bond
- joint lives assured, last death – when all of the lives assured are aged 75 or over at outset, or at the time an additional premium is paid into the bond.

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CHARGES (CONTINUED)

The Early Encashment Charges vary according to the allocation percentage applied to the additional investment. This is based on the age of the life assured and the amount invested.

Capital and Income Bond/Skandia Distribution Bond taken out before April 2005

Your allocation percentage is 100% and Early Encashment Charges will be deducted within the first six years of any additional investment (6.0% in year 1 and reducing by 1.0% each year).

Skandia Investment Bond/Capital and Income Bond/Skandia Distribution Bond taken out after April 2005

The tables below show the charges for each bond within the MultiBOND range.

To use the tables, first find the allocation percentage relevant to your age and the amount of premium, as shown in the table on page 2, and then read across the table below to find the charge relating to the year in which you take an encashment.

For example, if you invest £50,000 and the only life assured is aged 56, then the Early Encashment Charge between years three and four would be 1.5% for the Skandia Investment Bond and 4.5% for the Capital and Income Bond or Skandia Distribution Bond.

Skandia Investment Bond Early Encashment Charge (% of value of units encashed)					
Allocation percentage	Number of years since premium was paid				
	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years
103.0%	5.0%	4.0%	3.0%	2.0%	1.0%
102.5%	4.5%	3.5%	2.5%	1.5%	0.5%
102.0%	4.0%	3.0%	2.0%	1.0%	Nil
101.5%	3.5%	2.5%	1.5%	0.5%	Nil
101.0%	3.0%	2.0%	1.0%	Nil	Nil
100.5%	2.5%	1.5%	0.5%	Nil	Nil
100.0%	2.0%	1.0%	Nil	Nil	Nil
99.5%	1.5%	0.5%	Nil	Nil	Nil
99.0%	1.0%	Nil	Nil	Nil	Nil

Capital and Income Bond or Skandia Distribution Bond Early Encashment Charge (% of value of units encashed)						
Allocation percentage	Number of years since premium was paid					
	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 6 years
103.0%	11.0%	9.0%	7.0%	5.0%	3.0%	1.0%
102.5%	10.5%	8.5%	6.5%	4.5%	2.5%	1.0%
102.0%	10.0%	8.0%	6.0%	4.0%	2.0%	1.0%
101.5%	9.5%	7.5%	5.5%	3.5%	2.0%	1.0%
101.0%	9.0%	7.0%	5.0%	3.0%	2.0%	1.0%
100.5%	8.5%	6.5%	4.5%	3.0%	2.0%	1.0%
100.0%	8.0%	6.0%	4.0%	3.0%	2.0%	1.0%
99.5%	7.5%	5.5%	4.0%	3.0%	2.0%	1.0%
99.0%	7.0%	5.0%	4.0%	3.0%	2.0%	1.0%

Continued

CHARGES (CONTINUED)

PENALTY-FREE ALLOWANCE

For additional flexibility your bond comprises a number of individual policies. The annual penalty-free allowance lets you cash in some or all of your policies, or take a withdrawal from your bond, up to the amounts shown below, without paying Early Encashment Charges.

The penalty-free allowance is deducted from the encashment amount to work out whether there will be a charge on the amount you take out of the bond. In some cases, this deduction may mean you pay no Early Encashment Charges at all.

Skandia Distribution Bond

The penalty-free allowance is equal to 5% of each premium you pay and is increased to 100% on the date the Early Encashment Charge ends depending on the bond, the amount invested, and the age of the relevant life assured. If your bond was taken out before April 2005 the penalty-free allowance is equal to 10% of each premium you pay.

If you invest in a distribution fund, the allowance applies to any withdrawals in excess of the declared distribution. The declared distribution does not count towards the penalty-free allowance. This means you can take the declared distributions free of any Early Encashment Charge.

Capital and Income Bond/Skandia Investment Bond

If you took out a Skandia Investment Bond before April 2005, there is no Early Encashment Charge.

The penalty-free allowance is equal to 5% of each premium you pay and is increased by a further 5% for each year from the policy anniversary date until the Early Encashment Charges end, depending on the bond, the amount invested, and the age of the relevant life assured. If your bond was taken out before April 2005 the penalty-free allowance will be based on 10% of each premium you pay.

As an example, if the bond was taken out before April 2005, and the premium was £15,000, the penalty-free allowance for your bond would be £750 in the first year. At the start of the following year, the penalty-free allowance would be £1,500, assuming you had made no withdrawals.

When you make a withdrawal, we reduce the penalty-free allowance by the amount withdrawn. In the example above, if you withdrew £500 by cashing in units equally across each individual policy in the first year, this would not be subject to an Early Encashment Charge and the penalty-free allowance the following year would be £1,000, ie £750 less £500 (the withdrawal amount – giving you a penalty-free allowance for year one of £250) plus £750 for the second year.

If you switch into distribution funds any unused penalty-free allowance will still apply to your bond but we will only add further allowances when you pay more premiums into your bond, ie we will not increase the penalty-free allowance by a further 5% each following year. If you later switch out of distribution funds, we will continue to apply any penalty-free allowances from the policy anniversary date after the date of the switch.

Where more than one premium has been paid we apportion the withdrawal between the unit values allocated for each premium. The following is an example of how this works.

David and Janet Smith, who are aged 49 and 51 on the commencement date, invest £50,000 in unit-linked funds in Capital and Income Bonds on 1 September 2012 and a further £30,000 on 1 August 2015.

Less than a year after that, on 15 June 2016, they decide to withdraw £15,000 by cashing in units equally across their whole bond.

The penalty-free allowance (see below) applies to each premium as follows:

- Initial premium = £10,000 (5% x £50,000 x 4 years)
- Additional premium = £1,500 (5% x £30,000 x 1 year)

This means that the Early Encashment Charge applies to £3,500 (£15,000 – (£10,000 + £1,500)).

The charge is then weighted to take account of the unit value applying to each premium after taking account of the penalty-free allowance as follows.

Let's assume a fund value of £85,000 which is split as follows:

Initial premium paid = £54,000 (bid value of units allocated to £50,000 premium). After deducting penalty-free allowance (£54,000 - £10,000 = £44,000).

Additional premium paid = £31,000 (bid value of units allocated to £30,000 premium). After deducting the penalty-free allowance (£31,000 - £1,500 = £29,500).

The amount taken into account to calculate the Early Encashment Charge is £44,000 + £29,500 = £73,500.

The Early Encashment Charges for each premium are:

- Initial premium = 4.5% (based on the standard allocation rate of 102.5% and three to four complete years since premium was paid).
- Additional premium = 11.0% (based on the allocation rate of 103.0% which applies to the aggregated premium (ie £80,000) and less than one year since premium was paid).

Therefore, the Early Encashment Charge payable is calculated as:

- 4.5% x £3,500 x (£44,000/£73,500) = £94.28.
- 11.0% x £3,500 x (£29,500/£73,500) = £154.52.

The total charge would be £94.28 + £154.52 = £248.80, which equates to 1.6% of the total amount withdrawn (ie £248.80/£15,000).

ADDITIONAL INFORMATION

FURTHER INFORMATION

You can find full details of the bonds in the relevant Policy Terms and Conditions, which are available on request. The Policy Terms and Conditions take precedence over any other document when deciding any dispute.

Please speak to your financial adviser if you have any questions about this bond or about investments in general.

This document is based on ReAssure's interpretation of English law and HM Revenue & Customs practice as at April 2019. While we believe this interpretation is correct, we can give no guarantee that tax reliefs and the tax treatment of funds will remain the same in the future.

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