



## *Key features of the Investment Bond*

The Financial Services Authority is the independent financial services regulator. It requires us, Teachers Provident Society (trading as Teachers Assurance), to give you this important information to help you to decide whether our 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.

## Its aims

To increase the value of your investment over the medium to long term.

## Your commitment

To invest a lump sum of at least £2,500.

## Risks

The value of your investment can go down as well as up. Depending on investment performance you could receive back less than you paid in, particularly in the early years.

If you withdraw more money than the growth in the Bond the value will reduce to below the amount invested.

Withdrawals from the Bond may be subject to tax.

## What you might get back

The following table gives an example of what you might get back based on a male aged 30 next birthday investing a lump sum of £10,000, over 10 years.

Managed Fund	Annual Growth Rates		
	4.0%	6.0%	8.0%
After 5 years	£11,000	£12,200	£13,300
After 10 years	£12,900	£15,600	£18,800

Gilt & Fixed interest Fund	Annual Growth Rates		
	2.0%	3.5%	5.0%
After 5 years	£10,000	£10,800	£11,600
After 10 years	£10,600	£12,300	£14,200

Cash Fund	Annual Growth Rates		
	1.75%	2.75%	3.75%
After 5 years	£9,940	£10,400	£10,900
After 10 years	£10,400	£11,400	£12,600

- Firms may use the same rates of growth but their charges vary.
- The rates of return assumed by Teachers Assurance for the Gilt & Fixed Interest Fund and the Cash Fund are lower than the standardised projection rates supplied by the Financial Services Authority. This is to reflect current investment conditions.
- These figures are only examples and are not guaranteed - they are not minimum or maximum amounts.

- What you will get depends on how your investment grows and any changes to the tax treatment of the investment.
- You could get back more or less than this.
- Do not forget that inflation would reduce what you could buy in the future with the amounts shown.

## Questions and Answers

### What type of product is the Investment Bond?

The Investment Bond is a lump sum investment designed to give you capital growth and the ability to take a regular income or one off withdrawals if you wish. It is an open ended contract with access to your money when required and is available to UK residents aged 18 and over.

When you take out an Investment Bond the money you invest is used to buy units in one of the three funds that are available - the Managed Fund, the Gilt & Fixed Interest Fund or the Cash Fund. The price of units is calculated daily and shown on our website at [www.teachersassurance.co.uk](http://www.teachersassurance.co.uk).

The Investment Bond should be regarded as a medium to long term investment of between 5 and 10 years. However, there is no minimum or maximum term.

### What funds can I invest in?

You can choose to invest in one or more of the following three funds (subject to a minimum of £1,000 per fund).

#### Managed Fund

Aims to achieve medium to long term growth. The Manager's investment policy is to hold a well balanced portfolio investing in a wide range of investments including equities, gilts, fixed interest and cash, both in the UK and overseas. It may obtain exposure to these markets by investing in Legal & General Unit Trusts.

#### Gilt & Fixed Interest Fund

Aims to achieve a modest return to policyholders. The Manager's investment policy is for the fund to invest primarily in British Government securities and other fixed interest securities. It may obtain exposure to these markets by investing in Legal & General Unit Trusts.

## Cash Fund

Aims to provide security of capital and liquidity plus a return similar to those on offer in the deposit markets.

We reinvest all of the net income from the underlying investments to boost the fund value.

## What is the risk rating for each of the funds?

When choosing where to invest your money, it's important to weigh up the amount of risk you are prepared to take, in return for potential reward. It is very important to us that you understand what to expect when you invest with us. To make this easy for you to judge, we give each of our funds a risk and reward rating based on the asset mix of the fund.

We use a simple risk scale of 1-5; 1 represents very low risk and 5 represents high risk.

Each risk rating has a written risk profile to help you work out where you feel most comfortable.

We also include a volatility measure. The volatility measure gives you an idea of the relative ups and downs associated with each level of risk.

The Investment Bond has three funds in which you can invest and each has a different risk rating as shown below:-

Investment Bond - Cash Fund		
Risk rating	Risk profile	Volatility
1	Very Low	Low

You are willing to take a minimal amount of risk only. You do not want to lose any of your capital. You prefer to keep your money in cash based deposits. You understand and accept that inflation could erode the value of your money over time.

You understand that Teachers Assurance offers no funds that could be regarded as "Very Low Risk" with the exception of the Investment Bond (Cash Fund): this fund is not recommended for new investment monies.

It is an option for existing Investment Bondholders to move to, should they wish to reduce risk in later years.

Investment Bond - Gilt & Fixed Interest Fund		
Risk rating	Risk profile	Volatility
2	Low	Low / Medium

You are only willing to take low levels of risk. You are prepared to accept the potential for only a small amount of capital growth for the greater security of your money. You understand that you could still lose money on a "Low Risk" investment.

Investment Bond - Managed Fund		
Risk rating	Risk profile	Volatility
3	Medium	Medium

You are willing to take a moderate amount of risk. You accept that there will be fluctuations in the value of your investment and that you need to remain flexible about when to cash in your plan. You understand that you could lose money on a "Medium Risk" investment.

## Can I switch between the funds?

Yes, at any time provided at least £500 is being switched. If you are making a partial transfer to another fund, the value remaining in the original fund must also be at least £500. No charge is made for switching.

## How will I know how my investment is doing?

We will send you a statement every year confirming the fund(s) you are invested in, the number of units you hold and the value of those units. You can view the price on our website [www.teachersassurance.co.uk](http://www.teachersassurance.co.uk) or by calling our Helpline on 0800 056 0563.

## Can I take regular withdrawals from the Investment Bond ?

Yes. Simply complete the automatic withdrawal section of the application form or let us know subsequently in writing.

Please note that these automatic withdrawals are taken from the value of your Bond and are not income from the fund.

It is not advisable to start making withdrawals until the Bond has achieved some initial growth.

Withdrawals can be taken annually or half-yearly for investments of £2,500 or more, quarterly for investments of £4,000 or more, monthly for investments of £12,000 or more.

The minimum withdrawal is £50.

If the value of your units in any Fund drops to below £500, no further automatic withdrawals will be allowed.

### **What about tax?**

We pay corporation tax on the fund(s) you invest in.

#### *Personal Taxation*

In the same way that you pay tax on your earnings, you may also have to pay tax on the profits from your investments. There is no personal liability to basic rate tax or capital gains tax on the Investment Bond.

However, if you are a higher rate tax payer or you become a higher rate tax payer as a result of taking a withdrawal (either a partial or total) of money from your Bond you may incur a higher rate income tax liability.

For partial withdrawals this higher rate tax liability can be deferred provided you do not withdraw more than 5% of the value of your initial investment each year for up to 20 years. Any unused part of the 5% annual allowance can be carried forward subject to the total not exceeding 100% of your initial investment.

If you are in receipt of any allowance, such as age allowance, any gain on withdrawal(s) from your Bond may mean that you lose some or all of your allowance.

On death there may be a liability to higher rate tax on any gain made.

On death the value of the Bond forms part of your estate and Inheritance Tax may be payable.

For joint Bondholders this occurs on the second death.

This is based on current tax rules which may change in the future and depend on individual circumstances.

### **Can I cash in my Bond?**

You can cash in your Bond at any time either in whole or in part. However, the Bond is a medium to long term investment and not suitable if you are likely to cash it in after a short period. The minimum partial withdrawal from a fund is £250 and there must be a minimum value of £500 left in the fund.

### **What happens if I/we die?**

We will pay 101% of the value of the investment as at the date we receive written notification of death. For joint Bondholders, we will pay this amount if and when the second person dies.

### **What about charges?**

The price at which you buy units includes an initial charge of 5%.

A management charge of 0.75% a year is made on the fund before the unit price is calculated.

### **Can I change my mind?**

After you've invested we'll send you a notice of your right to cancel the Bond.

You then have 30 days in which to decide whether you want to go ahead or not.

If you decide that you want to cancel you must sign and send back to us the Cancellation Notice which will be sent to you with your policy documents.

Please send it to Teachers Assurance, Tringham House, Deansleigh Road, Bournemouth, BH7 7DT.

If you cancel you will receive back either the amount you invested or the value of your Bond whichever is the lower.

This means that if the value of underlying investments has fallen you will get back less than you invested.

If you don't return the Cancellation Notice within the 30 day period your Bond will remain in force.

### **Further information**

If you are in any doubt about whether this product is suitable for you, you should consult an Independent Financial Adviser. You can find details of your local Independent Financial Adviser by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk). Please note, you may be charged for advice.

## Tables

The following table gives an example of the effect of deductions and is based on an example of a lump sum investment of £10,000 over 10 years

**WARNING - if you cash in during the early years you could get back less than you have paid in.**

**The last two columns assume that investments will grow at the following rates:-**

Managed Fund 6% per annum

Gilt & Fixed Interest 3.5% per annum

Cash 2.75% per annum

The rates of return assumed by Teachers Assurance for the Gilt & Fixed Interest Fund and the Cash Fund are lower than the standardised projection rates supplied by the Financial Services Authority. This is to reflect current investment conditions.

### Managed Fund

The early years			
At end of year	Total Paid in to date	Effect of Deductions To Date	What you might get back
1	£10,000	£612	£9,980
2	£10,000	£735	£10,500
3	£10,000	£870	£11,000
4	£10,000	£1,010	£11,600
5	£10,000	£1,170	£12,200
The later years			
10	£10,000	£2,230	£15,600

### Gilt & Fixed Interest

The early years			
At end of year	Total Paid in to date	Effect of Deductions To Date	What you might get back
1	£10,000	£597	£9,750
2	£10,000	£700	£10,000
3	£10,000	£809	£10,200
4	£10,000	£924	£10,500
5	£10,000	£1,040	£10,800
The later years			
10	£10,000	£1,750	£12,300

### Cash

The early years			
At end of year	Total Paid in to date	Effect of Deductions To Date	What you might get back
1	£10,000	£593	£9,680
2	£10,000	£690	£9,860
3	£10,000	£792	£10,000
4	£10,000	£898	£10,200
5	£10,000	£1,000	£10,400
The later years			
10	£10,000	£1,630	£11,400

## What are the deductions for?

- The deductions include the cost of life cover, charges and any surrender penalties.

## What difference will the deductions make?

- The last lines in the tables show that over 10 years, the effect of the total deductions could amount to £2,230 for the Managed Fund, £1,750 for the Gilt & Fixed Interest Fund and £1,630 for the Cash Fund.
- Putting it another way, this would have the same effect as reducing the investment growth used from 6% to 4.6% for the Managed Fund, from 3.5% to 2.1% for the Gilt & Fixed Interest Fund, and from 2.75% to 1.4% for the Cash Fund.

## How do I contact you?

If you have any queries please call the Customer Services Helpline on 0800 056 0563. Our lines are open from 8.30am to 8pm Monday to Friday and 9am to 1pm on Saturday.

We will always communicate with you in the English language and all documentation in relation to this product will be supplied in English only.

## OTHER INFORMATION

### Complaints

If you are not satisfied with what we do for you, please let us know by writing to:

Teachers Assurance, The Complaints Supervisor,  
FREEPOST, Bournemouth BH7 7BR

If you prefer, you can telephone our Customer Helpline on Freephone 0800 731 1093 or email us at [info@teachersassurance.co.uk](mailto:info@teachersassurance.co.uk).

We aim to deal promptly and fairly with all complaints. If you are not happy with the outcome you may be able to refer to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall London E14 9SR. We will provide information about this if you need it. Copies of our complaints handling procedures are available on request.

### Compensation

If you make a valid claim against us and we are unable to meet our liabilities in full, you may be entitled to compensation from the Financial Services Compensation Scheme. For details of the Compensation Scheme please write to us or contact:

The Financial Services Compensation Scheme, 7th Floor,  
Lloyds Chambers, 1 Portsoken Street, London E1 8BN  
Tel: 020 7741 4100 Fax: 020 7892 7301 Or email :  
[enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk)

### Law

If any legal dispute arises the Law of England and Wales will apply.

This document is based on our understanding of current law and HM Revenue and Customs practice which may change in the future.

Full details are contained in the policy document which is the legally binding contract.