



Key features of the Tax-Free Savings Plan

The Financial Services Authority is the independent financial services regulator. It requires us, Teachers Assurance, to give you this important information to help you to decide whether our Tax-Free Savings Plan 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.

Key features of the Teachers Assurance Tax-Free Savings Plan

This document sets out the key features of the Tax-Free Savings Plan.

It is an important document that will help you understand the product.

A personal illustration will be sent to you with your plan documents.

Your personal illustration and this key features document outline the main points about the plan you are buying. Please read them carefully and keep them with your plan documents.

Further information is available on our website www.teachersassurance.co.uk

If you have any questions do not hesitate to call our Helpline on **0800 731 1093**.

Its aims

To build up a guaranteed tax-free lump sum at maturity provided premiums are maintained.

To allow you to use the friendly society tax-free savings allowance.

To pay a tax-free lump sum if you die during the savings period.

Your commitment

You agree to save £25 a month over an agreed savings period of between 10 and 25 years.

Risks

- This is a stock market related investment so what you will get back depends on investment performance which can go down as well as up.
- The growth in your Plan will depend on the profit we make from the investments in the unithised section of our With-Profits Fund – Tax-Exempt and how it is distributed. Further details of how this is paid to you are included in the Guide to How We Manage our With-Profits Fund which you can also find on our website.
- You will be provided with a personal illustration of what the returns might be. The actual growth and charges experienced by your investment over the course of time may, of course, be different to those allowed for in your personal illustration.

- If you cash in your plan early you may not get back the full amount invested.
- Inflation would reduce what you could buy in the future.
- The tax advantages of plans such as this could be altered by future legislation.
- Your circumstances may change which means that you may have to stop paying into this plan.

If you need any further information about this product, please call our Customer Support line on 0800 056 0563.

An Example

What you might get back

The value of your Plan depends on the performance of the Unithised With-Profits Fund – Tax-Exempt.

The following table gives an example of what you might get back - based on a female aged 29 at the start of the Plan saving £25 per month for 10 years. The example shows how much the investment could be worth at the end of the chosen term, after charges, if it grows by:

Annual Growth Rates		
4.25%	6.25%	8.25%
£3,200	£3,530	£3,900

- These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you will get back depends on how your investment grows and the tax treatment of your investment.
- You could get back more or less than this, but the minimum amount you could get back, provided all premiums are paid, is the Guaranteed Amount, which will be shown in your personal illustration.
- The rates of return assumed by Teachers Assurance are lower than the standardised projection rates supplied by the Financial Services Authority. This is to reflect current investment conditions.
- Inflation would reduce what you could buy in the future.

Questions and Answers

What is the Tax-Free Savings Plan?

The Teachers Assurance Tax-Free Savings Plan is a unitised with profits regular savings plan for a minimum term of 10 years, with a guaranteed minimum payout on maturity or earlier death.

Who can take a plan out?

It is available to UK residents aged 64 or under at the time the plan is taken out and under 75 when the proceeds are payable.

How much can I save?

You can save £25 a month in the Teachers Assurance Tax-Free Savings Plan. Plans arranged on behalf of a child under 16 can be paid for by a parent, grandparent, other relative or friend.

How will my money be invested?

Your money is pooled with that of other investors to buy units in the unitised section of the With-Profits Fund - Tax-Exempt.

Our aim is to obtain steady long-term growth. This means investing in a range of assets including equities (company shares), fixed interest bonds (both government and company), index-linked bonds, property and cash.

We regularly review the appropriateness of the mix of assets in the With-Profits Fund. The over-riding principles considered when setting the mix of assets are to ensure that we can meet our obligations to policyholders now and in the future and to remain financially strong.

What bonuses are payable?

Each year we will review the profitability and financial position of the Society. If it is appropriate we will then apply a bonus rate to the value of your Plan. The bonus will be applied on the day prior to the next anniversary of when you took out the Plan. This will be referred to on your annual statement as the Mutuality Bonus. Mutuality Bonuses are not guaranteed to be paid and will often be zero. When they are paid, they are likely to be small. If you cash in your Plan before your next anniversary date,

provided this is after five years from the start of your Plan, you will receive a full share of any bonuses added in previous years plus a pro-rata share of the current years' bonus depending on when in the year you cash in. If you were to die before your next anniversary date, the full bonus will apply regardless of how long the Plan has been held.

What is payable on maturity?

Provided premiums have been maintained, the amount payable on maturity will be the greater of:

The value of all units on your maturity date

We value all of the units attributed to your Plan on the maturity date including any bonus units and calculate the value based on that day's unit price.

The smoothed value of all units

At maturity, we calculate a smoothed version of the value of your units by averaging the unit price over the previous two years. This has the effect of protecting you from large stock market falls just before maturity.

The guaranteed amount

We guarantee that, at your chosen maturity date, providing you have paid all premiums, you will always get back as a minimum the premiums paid in.

What is the risk rating?

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. We use a simple risk scale of 1 - 5; 1 represents low risk and 5 represents high risk. Each risk and reward rating has a written profile to help you work out where you feel most comfortable. We also include a volatility measure. The volatility

Risk rating	Risk profile	Volatility
2 or 3 (Cautious / Balanced)	Low to Medium	Low / Medium

measure gives you an idea of the relative ups and downs associated with each level of risk.

The Tax-Free Savings Plan has a risk rating as shown on the previous page.

This means that you:

- are only willing to take low to medium levels of risk;
- are prepared to accept the potential for only a modest amount of capital growth for the greater security of your capital;
- understand that you could get back less than you paid in, if you cash in the plan early.

The fund in which your money is invested has the ability to use a range of assets and over time, may hold a high proportion of equities (company shares). This means it is suitable for a medium risk investor. However, because the plan comes with a money back guarantee it is also suitable for cautious investors.

Tables

What happens if you cash in early?

The following table gives an example of the effect of deductions. Once again the figures relate to a female aged 29 at the start of the Plan saving £25 per month for 10 years.

WARNING: If you cash in your Plan during the early years you could get back less than you have paid in. The last two columns assume that investments will grow at 6.25% per year.

The rates of return assumed by Teachers Assurance are 0.75% lower than the standardised projection rates supplied by the Financial Services Authority. This is to reflect current investment conditions

We have assumed the same rate of return applies throughout the whole term of your Plan although actual returns could vary significantly from one year to the next. What you get back will depend on the actual returns achieved.

The Early Years			
At end of year	Total Paid in to date	Effect of deductions to date	What you might get back
1	£300	£172	£137
2	£600	£208	£431
3	£900	£246	£743
4	£1,200	£286	£1,070
5	£1,500	£330	£1,420
The Later Years			
10	£3,000	£598	£3,530

What is payable on death?

The amount payable on death during the savings period will be the greater of:

- The guaranteed amount, or
- The value of all units

What is payable if I decide to withdraw early?

The amount payable if you decide to withdraw your money during the savings period will be:

Up to the first five years following the start of your Plan.

- The value of all units your premiums have purchased. Bonus units have no value if surrendered during the first five years following the Plan start date.

After the first five years following the start of your Plan

- The value of all units including bonus units.

Deductions Summary

What are the deductions for?

The deductions include the cost of life cover, remuneration, expenses, charges and any surrender penalties. For more information please see What about charges?

The last line in the table shows that over the full term of the plan, the effect of total deductions could amount to £598.

Putting it another way, leaving out the cost of life cover, this would have the same effect as bringing the investment growth from 6.25% a year down to 3.3% a year.

How are premiums paid?

Monthly by Direct Debit. Your plan will be set up on the day we receive it and payments will be taken monthly on this date. However, in the first month we will take the first payment 14 days after the date of set up. This will mean that for the first month only, two payments may be taken from your account.

What about charges?

The following charges are made to cover our operating expenses and the cost of providing benefits on death:

- A variable annual management charge which is shown in your personal illustration.
- Deductions reflected in the allocation rates that are applied to premiums which are also shown in your personal illustration.

Our expenses and costs for death benefits, which are our best estimates based on current experience, may vary in the future. To allow for this, the annual management charge will be reviewed annually and may be revised in order to ensure that all Policyholders receive a fair share of the assets of the fund.

What about tax?

The fund is free of tax on both income and capital gains except for tax deducted from dividend income which cannot be reclaimed.

Provided premiums are maintained the benefit

payable at maturity or on earlier death is free of tax. There may however be a liability to tax if the plan is cashed in during the first 10 years or three quarters of the term if sooner.

The amount payable on death before the end of the savings period is added to the value of the life assured's estate and therefore may be liable to inheritance tax.

This information is based on our current understanding of HM Revenue & Customs rules which may change in the future and depend on individual circumstances.

Additional notes about child plans

Contributions to child plans can be made by anyone, but responsibility for maintaining premiums rests with the child's parent/guardian and all correspondence regarding the plan will be sent to them on behalf of the child.

Please note that if the plan term extends beyond the child's 16th birthday, then ownership of the plan reverts to the child.

What happens if the child dies

The amount payable if the child dies before reaching the age of ten is limited by law to £800 or a return of premiums if more.

How will I know how my investment is doing?

Statements will be sent to you on an annual basis. This will be within 4 weeks following the anniversary of the date the Plan was taken out.

Information and support

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. Please note, you may be charged for advice.

Other Information

Can I change my mind?

After your proposal is set up you will receive a notice of your right to cancel which explains how to cancel the plan. 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 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 during this period you will receive back any premiums you have paid in. If we do not receive your cancellation notice then your plan will continue.

Consumer Friendly Principles and Practices of Financial Management (CFPPFM)

The Tax-Free Savings Plan is invested in our With-Profits Fund - Tax-Exempt. For your information we have provided you with a copy of our Guide to How we manage our With-Profits Fund. The objective of this is to enable our with-profits Plan holders to better understand with-profits and also what to expect from policies. Should you require a copy of the full PPFM please visit

www.teachersassurance.co.uk and click on the Staff Room pages, then click through to the About Us section where you will find the Principles and Practices.

Alternatively you can contact us on **0800 731 1093**.

How to contact us

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.

Complaints

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

The Complaints Supervisor, Teachers Assurance, 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**

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 at our address shown in the last section 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

Law

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

This document is based on our understanding of current legislation and HM Revenue & Customs practice, which may be subject to change.

Full details of the plan are contained in the Policy Terms and Conditions, which is the legally binding contract between you and Teachers Provident Society Ltd.

Teachers Assurance

Tringham House, Deansleigh Road, Bournemouth BH7 7DT Tel: 01202 435000 www.teachersassurance.co.uk

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