



International Core Funds Bond from Aviva

Technical guide



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These details relate to the International Core Funds Bond from Aviva. They should be read together with the Key Features.

Product basis

- A single premium contract that can be linked to a defined range of unit linked funds and three currency denominated links to Aviva's With-Profit Fund.
- The international With-Profit Funds are reinsured into Aviva's With-Profit Fund. This means that investors enjoy all the benefits of a well established With-Profit Fund from the largest insurance services provider in the UK.
- The bond can be written on either:

Life insurance version

A whole of life insurance bond, where people's lives are insured. Whole of life means that when the last insured person dies a death benefit is payable.

Capital redemption version

A fixed term bond providing a payment on maturity. No lives are insured under this option.

- It is designed to be a medium to long-term investment and should not be viewed as a short-term commitment.
- The value of an investment can go down as well as up and is not guaranteed. You might not get back the amount you invested.

Age limits

The bond is available to individuals over age 18 and to companies and trustees who are authorised to invest in the bond.

Life insurance version

There is no minimum age restriction on the lives insured but at least one life insured must be aged 89 or under at the start of the bond. The bond may be written on a life of another basis and on a maximum of 10 lives insured.

Market value reduction

In order to ensure fairness of treatment between bondholders, the value of units you ask us to sell in our With-Profit Funds may be reduced. This is called a market value reduction. This is most likely to happen following a large or prolonged fall in the stock markets or after a period where investment returns are regularly below the level we would normally expect.

In deciding whether to apply a market value reduction, and if so at what level, account is taken of the difference between the bonuses declared across all bondholders in the With-Profit Funds and the actual investment return on the underlying assets.

We may apply a market value reduction if you choose to:

- take regular withdrawals
- cash in all or part of your bond
- switch from our With-Profit Funds.

We may apply an individual market value reduction irrespective of what, if any, general market value reduction is applying if we think it's necessary to protect investors. This may affect you if you want to withdraw your money. We will tell you if a market value reduction is applying when taking your money out of the fund, so you have the opportunity to change your mind.

For the capital redemption version, we may also apply a market value reduction when we pay the maturity benefit.

You can contact our With-Profit Helpline on **0845 300 1602** or **00 353 1 802 8495** (international dialling) for up to date information on:

- your policy value
- bonus rates and
- the market value reduction (if any).

If you request a transaction where we apply a market value reduction, we'll only proceed when we have your confirmation. Once we proceed, we'll use the unit price and the market value reduction applying at that time.

We'll only apply a market value reduction to your regular withdrawals if you take more than 5% of your single investment in our With-Profit Funds in any one year.

For a regular withdrawal (set up after the outset of the bond) to be MVR free, it must be chosen at a time when no MVR is applying and we haven't taken the decision to apply one when your request is received.

If you amend your regular withdrawal, or cancel it and subsequently set another one up, the withdrawal will be subject to a MVR if there is one applying at the time you make your request.

If your regular withdrawal is greater than 5% and a MVR is in force, the MVR will apply to the whole amount withdrawn.

Where we apply a market value reduction to regular withdrawals, we'll need your confirmation that we can apply future market value reductions to future payments. Otherwise we can't set up the regular withdrawal. When giving your confirmation, please remember that future market value reductions are not known. Any market value reduction will apply to all units we sell in our With-Profit Fund.

For the life insurance version, a market value reduction won't apply when we pay out the death benefit.

To help you make the right choices, you should also read our online International Core Funds Bond fund guide, which will give you information on fund objectives, and related risks. This is available at [aviva.co.uk/international](https://www.aviva.co.uk/international)

Taking cash from the bond

Regular withdrawals

You may, at any time, ask us to sell some of the units in your bond to give you payments every month, two months, three months, four months, six months or year. This can be arranged at the start of the bond or at a future date.

All payments will be generated by the cancellation of units on the 15th calendar day of the month.

The current minimum amount (per payment) is £50/€75/\$75.

If selected at the outset, the maximum withdrawal is 7.5% of the single premium.

If selected at a later stage, the maximum withdrawal is the lower of:

- your single investment
- the value of your bond, excluding any final bonus or market value reduction for our With-Profit Funds.

Regular withdrawals may be subject to a market value reduction. Please see the section on market value reductions for further information.

Payments will go directly to your bank or building society. Please allow 10 working days for the payment to reach your account.

If you choose fund specific withdrawals:

We will advise you if, at some future point, the amount remaining in the fund is likely to be insufficient to meet the next payment in full. You will be required to submit new instructions to:

- select an alternative fund for subsequent withdrawals
- replenish the relevant fund by making a switch
- take regular withdrawals across all funds held in the bond in proportion to the value in each fund
- allow the withdrawal(s) being taken on other fund(s) to continue at the same level without any other adjustment.

In the absence of new instructions, all withdrawals will cease when a fund is depleted.

Unless you select the specific funds from which units will be sold, we'll sell them from each segment in proportion to the value in each fund. This may have tax implications. You can change your regular withdrawal up to twice a year by writing to us.

Your bond is divided into a series of up to 250 individual segments, each with a minimum value of £1,000 (€1,500 or \$1,500). To make your regular withdrawals we'll sell units across all segments.

Regular withdrawals usually start at least one month after:

- the start date
- the date we get your request.

For regular withdrawals to continue, the minimum amount that must be left in your bond is 20% of your single investment during the early cash-in charge period and £1,000/€1,500/\$1,500 thereafter. We've the right not to go ahead with the withdrawal if the value of units left in the bond or any fund is less than our minimum amounts.

Taking regular withdrawals greater than the growth of a bond, after charges, can result in a reduction in its capital value.

If you wish to start taking regular withdrawals after the start date please write to us and we'll send you full details.

Cashing in part of the bond

You may, at any time, ask us to sell some of the units in your bond to give you a cash sum. This is subject to:

- The current minimum amount that may be partially cashed in at any time is £1,000, €1,500 or \$1,500.
- During the early cash-in charge period, the value of the units remaining in the bond after cashing in must be at least 20% of your single investment in order to avoid an early cash-in charge.
- After the early cash-in period, the value of remaining units after cashing in must be at least £1,000, €1,500 or \$1,500, and the remaining value in each fund after cashing in must be at least £1,000, €1,500 or \$1,500.

If you cash in units in any of our With-Profit Funds, the cash sum you get will include any final bonus earned by the fund and will be reduced by any market value reduction being applied at that time.

You can cash in part of your bond by choosing either to:

- sell some of the units from all individual policies, or
- sell all of the units from some individual policies.

We'll only proceed when you tell us, otherwise the transaction will be delayed. If a fully completed transaction request is received by 4.00pm this will be processed on the same day. Anything received after this time will be processed on the next working day.

We'll take the early cash-in charge (if any) if you sell all of the units in an individual policy.

Cashing in the whole bond or individual policies

You may, at any time, ask us to sell all of the units in your bond.

- Where you're invested in a With-Profit Fund, the cash sum you get will include any final bonus earned by the fund and will be reduced by any market value reduction being applied at that time.
- We'll take the early cash-in charge (if any) if you cash in all of your bond.
- If you make a large withdrawal across individual policies, it may have tax implications if you are a UK resident.

With-Profit Fund

There are guarantees in certain circumstances if you take money out of a With-Profit Fund. If you move the whole of your investment out of the With-Profit Fund on the tenth anniversary, you will get back at least your original investment, reduced in proportion to any units cancelled for withdrawals from the fund. This guarantee **only** applies on the **tenth anniversary and for the following two weeks**.

The guarantee also applies to switching and partial withdrawals. It does not apply to money switched into the With-Profit Fund after the bond has started.

We will write to you to tell you when you are approaching this guarantee.

Charges

Establishment charge

We'll take this charge each month for five years. The monthly charge is 0.125% of your single investment. This is 1.5% each year.

We'll take it by selling units from all of the funds within your bond. Where you've units in our With-Profit Fund this will take account of any final bonus attached to those units.

Early cash-in charge

We'll take an early cash-in charge, shown in the table below, if you cash in all of your bond or individual policies.

The early cash-in charge will be taken proportionately from each individual policy.

When you cash in your bond	% of your single investment we'll take
Within 1 year of start date	9.9%
Within 2 years of start date	8%
Within 3 years of start date	6%
Within 4 years of start date	4%
Within 5 years of start date	2%

Amount we invest

Your single investment*	Amount we invest
£50,000 – £99,999	100.5%
£100,000 – 249,999	101.5%
£250,000+	102%

* (The \$ or € amounts are 1.5 x £ amount)

Management charge

We'll take a management charge from each fund in which you hold units until your bond ends.

We'll take this by selling units monthly. The percentage will depend on the funds you choose. You can find details of the management charges in the fund guide.

We may increase our charges if the cost of managing your bond increases. Reasons would include changes to taxation, regulations, the cost of fund management and the law. If we do this we'll tell you.

Fund manager's expenses

Fund manager expenses may be charged by reducing the price of each unit in the funds. These expenses are connected with buying, selling, valuing, owning and maintaining the assets. The yearly rate of the fund manager charge is updated at least once a year. The charge depends on your choice of funds. These charges are shown in the International Core Funds Bond fund guide which is available on our website:

aviva.co.uk/international

Funds

A range of unit-linked and With-Profit Funds are available. Please see the International Core Funds Bond brochure for further information.

Unit valuation

Units in each fund will have a single dealing price, which will be used for all purchases, switches and disposals. Unit prices for all funds are available on our website – aviva.co.uk/international

When you ask us to buy or sell units in any of our funds, we make a corresponding trade in the underlying investments. We do this as soon as we can, which is usually the next day. The unit price we use for this is based on the price we're able to trade at.

The value of units can go down as well as up.

Deferment of transactions

When you ask us to sell units, for example to switch funds, set up regular withdrawals or to cash in part or all of your bond, we will do this as soon as we can. This is usually the next day.

We will not normally delay in selling units. However, we have the right to delay in selling units and in making payment to you. This could happen when we're unable to sell the underlying investments and may be due to difficult market conditions or where the fund manager has suspended or delayed trading in the underlying investment fund. We may delay payment to you until we are able to sell the underlying investment.

After any delay, the unit price that you will receive will be the unit price that applies when we are able to sell the underlying investment. We may delay selling units in any fund, including property funds, funds that are fully or partially invested in land or buildings, and in selling units for transactions over £250,000 (€375,000 or \$375,000).

We'll tell you if and why a delay is necessary.

Instructions to switch or cash in units

Once we receive a request to switch, cash in part or all of the bond then the instruction can't be withdrawn, unless a market value reduction is applying and we have written to you for confirmation to continue with your instruction.

Fund switching

A switch is when;

- we sell some or all of the existing units in a fund or funds
- the resulting monetary proceeds are pooled together and used to buy units in a new fund or funds on a percentage basis.

After the start of the bond:

- you can switch between the same currency unit linked funds, subject to the minimum investment requirements having been met
- when switching from any of the With-Profit Funds, we may add a final bonus to and/or take a market value reduction from the value of the units. The net value will be used in switching calculations.

You can't switch into funds of a different currency to that of the bond currency at any time.

Investment adviser

You can appoint an authorised investment adviser at any time to look after your portfolio of funds by completing an investment adviser form. Your investment adviser must be authorised, for example, by the UK FSA, Guernsey FSC, Jersey FSC or Isle of Man FSC.

- Your investment adviser will have the power to advise you on your investment and may be given the power to exercise any option relating to switching between funds within your bond
- A fee may apply, as agreed between you and the investment adviser. This fee is treated as a withdrawal from your bond and will form part of your annual 5% tax deferred withdrawal allowance for tax purposes.

Benefits payable on death

Life insurance version

When all the people insured have died we'll need written notice of death. When we agree the claim is valid we'll pay the death benefit to whoever is legally entitled to claim it. We'll pay a death benefit of 101% of the cash-in value. For the purpose of this calculation the cash-in value is:

- the number of units multiplied by the unit price, added for all funds
- plus any final bonus for units in our With-Profit Fund
- minus any early cash-in charge as shown in your summary.

Capital redemption version

This bond has no lives insured.

Benefits payable after 99 years

Capital redemption version

If your bond is not cashed in, it must end after 99 years when we'll pay:

- the value of your bond, including any final bonus and market value reduction, or if greater,
- 1% more than your single investment.

Any units sold before this date (except to meet charges) will reduce the amount we'll pay. This reduction will be in proportion to the units sold. For units in our With-Profit Fund, the value of the units sold will include any final bonus earned by the funds and will be reduced by any market value reduction being applied at that time.

Legal ownership

All benefits payable under the bond on surrender, death or maturity will be paid to the legal owners of the policy.

If you are the sole or last surviving bondholder, then on your death, legal ownership will pass to your legal personal representatives. However, if you hold your bond jointly with one or more persons and on your death there is a surviving bondholder, legal ownership will pass to that person.

If you've arranged the bond under trust, legal ownership will remain with the surviving trustees. If there is no surviving trustee, the legal personal representatives of the last trustee to die will need to appoint new trustees to assume legal ownership of your bond and administer the trust.

For corporate investments the legal ownership of the bond would only change by either deed or operation of law (eg insolvency).

Taxation

Taxation of the bondholder

- It is your responsibility to obtain advice from your financial adviser or applicable tax authority on the taxation implications of owning the bond.
- Depending on your country of residency a tax liability may arise as a result of investing in one of our bonds.
- We may make a deduction from your bond to pay this tax where we are legally obliged to do so.

We'll tell you when we make such a deduction. Where there is no legal obligation on us to make a deduction, any tax liability that may arise will be your responsibility.
- If you die, tax may be payable depending on the individual circumstances at the time.
- This is only a general tax summary. The tax situation may change in the future, and, as indicated you should seek your own professional tax advices.

For all UK resident bondholders, other than corporates, a liability to tax will usually only arise when money is withdrawn from the bond and a gain arises as follows:

1. When cashing in part of an individual policy

There will be no immediate liability to tax if the amount withdrawn from the bond does not exceed the 5% allowance. This allowance is calculated as 5% of the investment in the year it is made and 5% for each of the following 19 years. The 5% allowance is cumulative, if it is not used in one year it can be transferred to the next and so on. If this allowance is exceeded in any one year, the excess will be treated as a gain and may give rise to an immediate liability to tax.

2. On death, maturity or cashing in all of the bond or whole individual policies

When the bond or individual policy comes to an end, there may be a liability to tax on any gain made. The chargeable gain is the amount by which the final proceeds exceed the total premiums paid, taking into account any previous encashments and gains.

Taxation of UK tax resident and UK domiciled individual bondholders

Any gain will normally be chargeable to income tax at the rate(s) that apply in the tax year during which the gain arises and will be taxed at the bondholder's marginal rate of tax. If the bondholder becomes liable to tax at a higher rate as a result of adding the gain to his other income, the liability may be reduced by claiming a relief from the UK HM Revenue & Customs called top slicing relief. Any gain can be reduced for the time the bondholder may have been resident outside the United Kingdom. It should be noted that any gain amount might affect eligibility for age allowance and other income related allowances such as child tax credit. Benefits from the bond will normally be exempt from capital gains tax. However, on death, the cash-in value of any bond not held subject to a suitable trust will form part of the bondholder's taxable estate for inheritance tax purposes.

Taxation of trustee bondholders

The circumstances under which trustees may be liable to tax will depend on a number of factors. If a gain arises whilst the creator of the trust (the settlor) is alive and resident in the UK for income tax purposes, then the settlor will be liable to income tax on the gain amount at his marginal rate of tax. If the settlor is not UK resident, or the gain arises in a tax year after the one in which the settlor has died, the trustees will be liable to pay tax on the gain. If the trustees are not UK resident and the settlor is also not UK resident or has died in a previous tax year, a liability to tax may fall on any UK ordinarily resident beneficiaries to the extent that they receive benefits from the trust. If a gain arises at any time under a bond which is subject to an absolute trust for a UK resident beneficiary, the gain will (subject to anti avoidance legislation) be assessed on the beneficiary under current HM Revenue & Customs practice. The amount of tax payable will depend upon the circumstances of the person liable to pay the tax, and unlike the situation for non-trust policies the gain cannot be reduced to reflect periods of residency outside the UK. The Proceeds from the bond will normally be exempt from capital gains tax. The death of the settlor and/or any of the beneficiaries may give rise to a liability to inheritance tax.

Taxation of UK resident corporate bondholders

If a company owns a life insurance or capital redemption version of the International Core Funds Bond, it will be taxed within the loan relationship rules, rather than tax rules relating to chargeable events under life insurance policies. The tax position will depend upon the company's chosen accounting practice. This may mean it will be taxed annually on the increase in value of the bond, irrespective of whether the bond is encashed. It is important that professional advice is sought before making any corporate investment.

Taxation of UK resident charity bondholders

Life insurance policies such as the International Core Funds Bond are not defined as qualifying investments for registered charities. This means that in the majority of circumstances the International Core Funds Bond will not be an appropriate investment vehicle for a charity. It is important to seek professional advice before making any investment to ensure all the various options and their implications are fully understood.

Writing the bond in trust

If you would like to make provision for the bond proceeds to be payable, for example, to your spouse / civil partner or children, a suitable trust can accommodate such a desire.

Within our trust range there are some trusts which may mitigate inheritance tax. Please see your relevant trust brochure for further details.

Full details are available on request.

We recommend that you seek professional advice regarding your personal circumstances.

Valuations

Bondholders will automatically receive a bond valuation yearly, showing the value of the bond as of 15 October.

You can also find out the current value of your bond at any time by logging on to our website - **aviva.co.uk/international** - once you have been set up for access.

General

The monetary and percentage limits mentioned in this document may change from time to time.

All references to personal taxation are based on Aviva's understanding of UK law and HM Revenue & Customs practice as at July 2010. The future basis and rates of tax may vary.

Although every effort has been made to ensure its accuracy, no responsibility can be taken for Aviva's interpretation. Investments should not be made on the basis of this alone. We recommend that you seek professional advice.

For any further information, please contact your financial adviser or call us for product information on **0845 300 2115** or e-mail: **client.services@international-aviva.com**

The international With-Profit Funds are reinsured into Aviva's With-Profit Fund. This means that investors will enjoy all the benefits of a well-established With-Profit Fund from the UK's largest insurer.

Full written terms and conditions are available on request.

Aviva Life International Limited, trading as Aviva, is authorised and regulated by the Central Bank of Ireland and is also authorised by the Financial Services Authority in the UK. If Aviva Life International Limited should become unable to meet its liabilities, the Financial Services Compensation Scheme will protect the eligible policyholder of an Aviva Life International Limited bond who is habitually UK resident at the time the contract commences. Registered Office: One Park Place, Hatch Street, Dublin 2, Ireland. Registered in Ireland No 303257.
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