

Key Features of the International Investment Bond from Aviva

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The Financial Services Authority is the independent financial services regulator. It requires us, Aviva, to give you this important information to help you decide whether our International 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.
- To let you take money out of your bond, if you choose.
- To let you link your bond to a wide range of international funds to meet your investment needs.

Your commitment

- Initially, to invest a lump sum of at least £10,000 (€15,000 or \$15,000).
- If you wish at a later date, to invest an additional lump sum of at least £5,000 (€7,500 or \$7,500).
- You can leave the money invested for as long as you like.

Risks

- The value of your bond depends on investment performance and can go down as well as up. What you get back from your bond is not guaranteed and you might not get back the amount you invested.
- When you decide to cash in your bond, what you get back may be lower than illustrated if:
 - investment performance is lower than illustrated
 - you take more money out of your bond than illustrated
 - charges increase above those illustrated.
- Fluctuations in foreign currency exchange rates may affect the value of your bond.
- Changes in the tax rules or rates of tax may affect the amount you receive after paying tax. You'll find more information in the section 'What about tax?'

- The international investment funds you can choose from have different levels of risk. Your financial adviser can help you understand the risks involved.
- If you cancel your bond within 30 days, you may get back less than you've paid in.
- As the bond is an insurance product, Aviva Life International Limited owns all the funds linked to the bond. You do not own the funds yourself. If Aviva Life International Limited were to fail, you may be eligible for compensation (currently up to 90% of the claim). You can find more information about this in the "Compensation" section. However, if the funds within the bond are linked to an institution which fails, you may have no right to participate in any compensation scheme. This is because you are not the owner of the funds linked to the bond. The amount (if any) which Aviva Life International Limited may recover under such a scheme may be substantially less than the amount you might have been able to recover had you owned the funds yourself.
- Different funds to which you may link your investment have different levels of risk. Your financial adviser, or your chosen investment adviser, may be able to help you understand the ownership structure under the bond, the risks involved and the implications in relation to compensation (if any) if those risks materialise.
- The aim of lower risk funds is typically to provide growth at a similar level to bank and building society interest rates, by investing in cash and cash alternatives. Returns & Capital values are not guaranteed and may not keep pace with inflation. You should be aware that the charges you pay on the fund and product may be more than the investment return you receive.

Questions and answers

What is the International Investment Bond from Aviva?

- It's an investment bond that aims to increase the value of the money invested. It also provides a payment on death.
- It can be linked to a wide range of investment funds, managed by Aviva's own fund managers and by external fund managers.
- You can take out a joint bond with someone else. The bond can cover a maximum of ten people's lives. The bond will end when all the people insured have died.
- The bond is available to individuals over age 18 and to companies and trustees who are authorised to invest in the bond. 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.
- Additional investments can be made if the life insured (youngest life if joint life) is 89 or under.

How flexible is it?

- You can hold your bond in sterling (£), euro (€) or US dollars (\$). We call this your bond currency.
- You can invest more money in your bond at any time. The minimum is £5,000 (€7,500 or \$7,500).
- Your bond is automatically arranged as a series of up to 250 identical policies which may help you reduce the tax you pay when withdrawing cash. We recommend that you ask your financial adviser for further details.
- You can change your choice of investment funds at any time. The first 12 switches in each year (between bond anniversaries) are free of charge.
- You can take money out of your bond. You can also specify which of your investment funds you want the money to come out of.
- You can ask to cash in your bond at any time. There is no fixed date when your bond will end.
- *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 – www.aviva.co.uk/international.
Units will be priced and dealt on a forward basis. This means the dealing price for a given day will be calculated on the next business day that the fund is priced.

Example:

If you make a transaction request, to cash in your bond, on a Monday, we will calculate the dealing price applicable to this transaction on Tuesday (provided no deferment of transactions applies). This price is published on the internet on Tuesday evening. This price is known as Monday's dealing price and the transaction is effective from Monday at this price. We reserve the right to calculate the dealing price less frequently but this will be at least once a month. Furthermore, switches will be processed on the next day that prices for all parts of the switch can be determined.

■ *Instructions to switch or cash in units*

When a request has been received to either switch, cash in part of the bond or cash in the whole bond, the instructions can't be withdrawn once received by Aviva, unless a market value reduction is applying and we have written to you for confirmation to continue with your instruction.

What might I get back?

- You'll get back the amount your bond is worth when you cash it in.
- The amount you get back will depend on:
 - the amount you invested
 - how well our investments have performed
 - our charges
 - any money you've already taken.
- You might not get back the amount you invested.
- Your illustration gives an idea of what you might get back.

Can I take my money out?

- Yes, you can take money out regularly or ask for a one-off withdrawal at any time. This will affect what you get back. The money will be paid in your chosen bond currency.

Regular withdrawals

- If you make regular withdrawals, the minimum each time is £50 (€75 or \$75). If you choose to make regular withdrawals at the start of your bond, the maximum you can withdraw is 10% each year of your initial investment. If you choose to make regular withdrawals after the start of the bond, the maximum you can withdraw is 10% per year of the value of your bond on the day we get your request. If you make a large partial withdrawal, it may have tax implications if you are a UK resident at the time.
- We reserve the right to stop regular withdrawals if the bond value falls to 20% of the total amount you invested during the early cash-in charge period.

Regular withdrawals

- The minimum amount you must leave in your bond for regular withdrawals to continue is 20% of your single investment during the early cash-in period and £1,000 (\$1,500 or €1,500) thereafter. We reserve the right to stop regular withdrawals if the bond value, or any fund value is less than the minimum amount. If you make a large partial withdrawal it may have tax implications if you are a UK resident at that time.

One-off withdrawals

- You can cash in part of your bond
 - across individual policiesor
 - by cashing in complete policies.

We won't process your request until you tell us whether to sell units from individual policies or across all policies. Cashing in across policies may have taxation implications for some bondholders.

The minimum for a one-off withdrawal is £1,000 (\$1,500 or €1,500). This is also the minimum amount you must leave in your bond, and each fund, after any withdrawal.

If you cash-in part of your bond across individual policies we won't make an early cash-in charge as long as you keep at least 20% of the amount you originally invested in your bond. If during the early cash-in charge period, your withdrawal means that less than 20% of the amount you originally invested is left in your bond, you will have to cash-in individual policies instead and this will incur an early cash-in charge. We have the right not to go ahead with the withdrawal if the value left in the bond or any fund is less than our minimum amounts. If your withdrawals in any year are more than 5% of the amount you originally invested, you may immediately become liable for income tax. If you make a large withdrawal across individual policies it may have tax implications if you are a UK resident at the time.

- If you take out amounts of more than the growth of your bond after charges, they will reduce its value.
- Payments will go direct to your bank or building society.

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 in 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.

Cashing in the whole bond or individual policies (segments)

The bond may be completely cashed in at any time.

Units will be cashed in at the dealing price that applies.

The amount of future regular withdrawals will be reduced proportionately if any of the individual policies that make up the bond are completely cashed in. The amount will be recalculated based on the number of remaining policies. All future withdrawals will be reduced to this amount.

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

Where is my money invested?

- You can link your bond to up to 20 funds, from a wide range of investment funds managed by Aviva's own fund managers and by external fund managers.
- For investment-linked funds, the money will buy 'units' in one or more of our funds. The value of the units will rise or fall depending on the investment performance of the funds.
- To help you make the right choices, you should also read our online International Investment Bond fund guide, which will give you information on fund objectives, and related risks. This is available at our website: aviva.co.uk/international
- A printed version of the fund guide is also available from your Aviva consultant. Alternatively, you may contact us directly to request a printed version.

Fund switching

You can request switches between funds. A switch is when:

- we cancel some or all of the existing units in a fund or funds
- the resulting monetary proceeds are put into a central pool
- this pooled money is then used to buy units in a new fund or funds on a percentage basis.

Only one instruction can be processed on any one business day. Subsequent instructions received on the same day will be deferred to the next business day(s) and will be treated as if received on that day. The amount realised will be used at once to pay any switch charge and then to buy units at the unit price in the other fund(s) you have chosen. Switches will be processed at the dealing price for each fund that applies on the day after written or other form of acceptable notice is received at our Dublin Head Office. *Please refer to the 'Deferment of transactions' section in this document.*

There is no switch charge for the first 12 switches in any bond year. All further switches in each bond year will cost £50 (€75 or \$75) each. We may increase the switch charge if the cost to us of managing your bond increases.

The minimum amount that can be switched is the lesser of £1,000 (€1,500 or \$1,500) or the residual value of the fund.

The units in your bond will be priced and dealt on a "forward basis". As long as we get your transaction request before 4.00pm, you get the unit price for that day. The price for that day will be the fund manager's price as provided to us on the next business day. We publish the unit prices once we have received them from the fund managers.

For Example:

If you make a transaction request before 4.00pm to partially or fully cash in your bond on a Monday, the dealing price given to you is based on the fund manager's price of Tuesday (as long as there are no delays on that fund). Monday's transaction price is updated on our website on the Wednesday evening. We reserve the right to calculate the dealing price less frequently but at least once a month.

What happens to the bond if I die?

- When all the people insured have died, we'll pay 1% more than the value of your bond.
- If there is a surviving bondholder, legal ownership passes to that person. If you are the last surviving bondholder, legal ownership passes to your legal personal representatives when you die.
- If you've arranged the bond under trust, legal ownership remains with the surviving trustees. We'll only pay the death benefit on the death of the last person who is insured under the bond.
- We pay the death benefit to the bondholder(s). If there are no surviving bondholders, then we pay it to the estate of the last bondholder to die. If the bond is arranged under trust, we pay the death benefit to the surviving trustees.

What are the charges?

- We charge for managing your bond. These charges will reduce the value of your bond. We can take some of your charges from your money before we invest it and some from the value of the fund. We may increase our charges if the cost of managing your bond increases. Reasons would include changes in taxation, regulation, the law and the cost of fund management. If we do this we'll tell you.
- An allocation rate will be applied to your investment to buy units. The rate will depend on the amount of investment made.

The following table shows the allocation rates applicable to those aged under 75

Amount investment*	Allocation rate %
£10,000 - £24,999	100
£25,000 - £49,999	101
£50,000 - £99,999	102
£100,000 - £149,999	102.5
£150,000 - £249,999	103
£250,000 +	103.5

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

If the youngest life insured falls within the following age bands, the allocation rate is reduced as indicated:

Ages 75 - 79 less 1%

Ages 80 - 84 less 2%

Details of the rate which applies to your bond can be found in your personalised illustration.

- A fund management charge is deducted daily from each investment fund and is reflected in the published dealing price of each fund. Please refer to the fund guide for details of the management charge for each fund.
- 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 on our website: aviva.co.uk/international
- A monthly establishment charge of 0.175% of the initial investment is made for the first four years. This charge also applies to additional investments. *Please*

refer to the 'What are the charges?' section of your personalised illustration for details of the charge that will apply to your bond.

- Cashing in all of the bond or entire individual policies (segments) in the first four years from the start date may be subject to an early cash-in charge. This charge equals the sum of outstanding establishment charges plus an extra 1.5% in the first year of investment. The early cash-in charge is not applied in any other circumstances. Please refer to the 'What are the charges?' section of your personalised illustration for details of the charge that applies to your bond.
- There may be an extra charge if you make a one-off withdrawal or cash in your bond within the first four years of your investment.
- Details of all charges can be found in the bond's fund guide. If you have any questions, you can phone us on 0845 300 3899 (UK local rate).
- Your illustration shows our charges and the effect they may have on the value of your investment.

What about tax?

- 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 (such as income tax or premium tax, for example) 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.

- For all UK resident bondholders, a liability to income 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 income 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 income tax.

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

When the bond or individual policy comes to an end, there may be a liability to income 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 rates 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 a higher rate taxpayer 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 has 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 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 income 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 income 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 income 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 a bare trust for an adult UK resident beneficiary, the gain will be assessed on the beneficiary under current HM Revenue & Customs practice. The amount of income 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 charity bondholders**
Life insurance policies such as the International Investment Bond are not defined as qualifying investments for registered charities. This means that in the majority of circumstances the International Investment 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.
- This is only a general tax summary in respect of the UK. The tax situation may change in the future, and, as indicated you should seek your own professional tax advices.

Can I change my mind?

- You can change your mind by returning the cancellation form, together with your original bond documents, within 30 days from when you receive your cancellation notice, to our head office in Dublin:

Aviva Life International Limited
Montague House
Adelaide Road
Dublin 2
Ireland

- If you cancel your bond, we will give you back the money you paid to Aviva, less any withdrawals made and any fall in the value of your investment. Your investment will be valued on the day we receive your cancellation form.

This means that from the bond start date to the date we receive your cancellation form, any risks associated with your investment remain with you and this will be reflected in the amount repaid.

These risks may include a loss in the value of your bond. The value of your bond is linked to the performance of funds owned by us. If the value of any of these funds falls, for example, as a result of market movements, the value of your bond will also fall. You should speak to your financial adviser about the risks involved in investing in this bond. These risks also include any losses that are reasonably incurred by us in cancelling your bond.

We may delay a payment to you until all the funds to which your bond is linked, are sold and we have received the proceeds.

We'll need to receive the cancellation form and original bond documents before making a payment to you.

- If you do not send a valid cancellation request within 30 days of receipt of your cancellation notice, your bond will continue on the terms and conditions set out in your bond documents.

How will I know how my bond is doing?

- We'll send you a statement each year showing how much you have invested in your bond and its current value.
- In addition, you may choose a second valuation date at which point we will automatically generate a bond valuation statement. At outset, you choose a date that will be used to generate the second regular valuation. You may change this date in the future. Where no additional valuation date is specified, only the automatic valuation generated. Additional valuations will be provided on request. We reserve the right to make a charge for excessive requests.
- You can also find out the current value of your bond at any time by logging on to our website once you have been set up for access.
- You can check the current price of our international investment funds by:
 - visiting our website at **www.aviva.co.uk/international**
 - calling us on **0845 300 2115** (calls from the UK will be charged at the local rate) or **00 353 1 802 8494**

How to contact us

- Remember, your financial adviser will normally be your first point of contact. They will have provided you with information that contains their contact details.
- If you have any questions at any time, or you want to take money out of your bond or change funds, you can phone, fax, email or write to us.



Call us on 0845 300 2115 (UK local rate)
00 353 1 802 8494 (international dialling)

Monday to Friday 8.30 am - 5.30 pm

Outside of these hours, you can use the same number and leave a message on our answerphone.

We may monitor calls to improve our service and security.

Fax: **0845 300 2113** (UK local rate)
or **00 353 1 802 8400** (international dialling)



E-mail
client.services@international-aviva.com



Office address
Aviva Life International Limited
Montague House
Adelaide Road
Dublin 2
Ireland

Other information

How to complain

- If you ever need to complain, you can contact us at:
Aviva Life International Limited
Montague House
Adelaide Road
Dublin 2
Ireland
Telephone no: 0845 300 2115 (calls from the UK will be charged at the local rate) or 00 353 1 802 8494
Email: client.services@international-aviva.com
- If you are not satisfied with our response, you can write to:
Irish Financial Services Ombudsman Bureau
3rd Floor
Lincoln House
Lincoln Place
Dublin 2
Ireland
Tel: 003531 1 6620899
Fax: 00353 1 6620890
Email: enquiries@financialombudsman.ie
website: www.financialombudsman.ie
This won't affect your legal rights.

Terms and conditions

- This Key Features document gives a summary of the International Investment Bond from Aviva. You should also see the full terms and conditions. You may already have a copy or you can get one from your financial adviser or contact us direct.

Law

- Although this bond is issued in Ireland, the law of England will apply in legal disputes and your contract will be written in English. We'll write and speak to you in English.
- We are authorised and regulated by The Central Bank of Ireland whose contact details are:
The Central Bank of Ireland
PO Box 559
Dame Street
Dublin 2
Ireland
- We are authorised for the conduct of UK business by the Financial Services Authority (FSA) whose contact details are:
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Potential conflicts of interest

- Occasions can arise where Aviva plc Group Companies, or their appointed officers, will have some form of interest in business which is being transacted.
- If this happens, or the Aviva Group becomes aware that its interests, or those of its officers, conflict with your interests, we will take all reasonable steps to manage that conflict of interest, in whatever manner of circumstance. This will be done in a way which ensures all customers are treated fairly and in accordance with proper standards of business.

Client classification

- The FSA has defined three categories of customer. You have been treated as a retail client. This means that you'll be provided with the highest level of protection provided by the FSA rules and guidance, for the conduct of the sale of your bond. For example, we must provide you with information about your bond that is clear, fair and not misleading.
- Treatment as a retail client does not reduce any of the risks associated with your investment in the bond (please see "Risks" section).

Compensation

- Qualified advisers will recommend that you buy products suitable for your needs. You've legal rights to compensation if at any time it's decided that you've bought a bond that wasn't suitable for your needs at that time.
- The Financial Services Compensation Scheme covers your bond if you are habitually (permanently) UK resident at the time when the contract commences. It will cover you if Aviva Life International Limited becomes insolvent and is unable to meet its obligations under this bond. The scheme will cover you for 90% of the total amount of your claim. The term 'you' covers an eligible claimant such as private individual, trustee, firm, sole trader or partnership. For further information, see www.fscs.org.uk or telephone 020 7892 7300.
- For more information on compensation, please refer to the risk section.

Braille, large font, audio material

You can order our literature in Braille, large font or audio.

Just call **08000 686 800** or email **helpdesk@aviva.co.uk** and tell us:

- the format you want
- your name and address
- the name or code of the document. The code is usually in the bottom left hand corner on the back of most documents.

The Customer Call Centre is open Monday to Friday, 8 am to 8 pm, and Saturday from 8.30 am to 5 pm.