

# Variable Protection Plan from Standard Life

keyfacts®

## KEY FEATURES

The Financial Services Authority is the independent financial services regulator. It requires us, Standard Life, to give you this important information to help you to decide whether our Variable Protection 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. If you wish to invest in with profits please also read the enclosed 'Understanding With Profits' booklet for more information about how your investment works.

This Key Features Document is for a UK plan and for use by UK residents only.

### Its aims

Your Variable Protection Plan aims to:

- give you life cover for your lifetime,
- pay a tax-free lump sum when you die,
- give you the opportunity to increase or reduce your life cover at any time (as long as the change to your life cover is within our limits),
- give you the potential for capital growth, depending on how much life cover you choose.

### Your commitment

- You will make regular payments, either monthly or yearly over your lifetime.
- The minimum payment for the plan is £50 a month or £500 a year.
- You may have to increase your payments, whenever necessary, to maintain the level of life cover you want.

### Risks

- If you cash-in your plan, you may get back less than you have paid in because:
  - the value of investment-linked funds can go down (please see 'Where are my payments invested?' on page 4)
  - our charges reduce the value of your investment
  - In addition, for with profits investments, your fund may be lower than illustrated because of:
    - increases in the deductions for our costs in the future
    - the bonus rates we set
    - any discretionary adjustments including any smoothing
- You may need to increase your payments if you want to maintain your level of life cover, as:
  - the performance of the fund(s) you have chosen, or the cost of claims, or future charges may not be what we expect.



- If you invest in with profits, in certain circumstances we may reduce the price of units when you leave with profits. If this happens, what you get back could be reduced. For more information please read the enclosed 'Understanding With Profits' booklet.
- Your plan can invest in a range of investment-linked funds that include stocks and shares, which have different levels of risk. The value of your investment can fall as well as rise and you may get back less than you have paid in.
- If you decide to invest in a property fund, you should be aware that property can be difficult to sell, so you might not be able to sell your investment when you want to. In exceptional circumstances, it could take up to six months. The valuation of property is generally a matter of a valuer's opinion rather than fact.

## Questions and Answers

### What is a Variable Protection Plan?

- It is an investment plan made up of individual policies (maximum 20) that invest in one or more investment funds. It provides a tax-free lump sum when you die.
- Each investment fund is made up of 'units'. Your payments are used to buy units in one or more of these funds.
- It provides you with life cover within minimum and maximum limits. This pays out a cash sum if you die. Please see 'What life cover is included?' below for more information.
- The amount of life cover you choose is guaranteed for the first ten years of your plan. After that, we review your cover every five years. If necessary, you will be offered the option of either reducing your plan's level of life cover or increasing your payments to cover the cost of taking out a top-up plan.

### How flexible is it?

- You can increase your life cover on any anniversary of your plan if:
  - you are under age 75 at that anniversary, and
  - you can provide satisfactory evidence of good health, and
  - the increase is not above the limit we set for your plan at that time.
- You can reduce your life cover from the next anniversary of your plan, but not below the limit we set for your plan at that time.

The limits we set can change. Your own personal limits take into account your age, sex and how much your plan is worth when you make the change to your life cover.

- You can switch between investment-linked funds, but cannot currently switch into or out of any with profits fund. Please see 'What about charges?' on page 5 for more information.

### What life cover is included?

- You can take out the plan on your own or jointly – usually with your spouse/civil partner. If you take out the plan jointly you can choose whether the lump sum will be paid out:
  - after you both have diedor
  - on the death of either of you
- You can also take out a Variable Protection Plan on the life of another person, but only if you would suffer a financial loss on their death.
- During the lifetime of your plan we will regularly review your level of life cover and tell you if any changes to your payments or level of cover are needed. For plans which have been set up on life cover greater than the minimum, the level is reviewed at year 10 then every 5 years thereafter.

- The lowest level of life cover you can choose is 7.5% of the payments you are expected to make for the duration of your plan (so if you were expected to pay £10,000 to your plan, you would have a minimum of £7,500 life cover). Once you are aged 56 or older the minimum level of life cover reduces by 2% a year. The highest amount of life cover you can have depends on your age, sex, health and how much you pay into your plan.
- If a claim is made following a death before you cash-in the plan, we will pay out the higher of:
  - the life cover provided by your plan, or
  - the value of your plan, if it is worth more.
- You only pay for the life cover you need for the difference between:
  - the life cover you want, and
  - the value of your plan.

If your plan grows to be worth more than your life cover, you stop being charged for life cover, and your payments are fully invested in your choice of funds.
- After a lump sum has been paid out on death, the plan ends and there is no cash value.
- After charges, your payments are invested in one or more of the funds available (please see 'Where are my payments invested?' on page 4 for more information). This means that the plan can offer you the chance to have some capital growth as well as life cover.

### What might I get back should I cash my plan in?

- The amount you get back is not guaranteed and will depend on several factors, such as:
  - how much you invested
  - the length of time you have been invested for
  - the performance of the fund(s) you have chosen
  - our charges (see 'What about charges?' section on page 5)
  - whether or not you cash in all or part of your plan early
  - in addition, for with profits investments, any discretionary adjustments, including any smoothing (please see 'What are the discretionary adjustments?' on page 6). Any such adjustments will not reduce your guaranteed benefits. For more information please read the enclosed 'Understanding With Profits' booklet.
  - your personal illustration gives you an indication of what you might get back should you choose to cash in your plan.

### What other benefits can I choose?

#### Waiver of Premium

- For an additional cost, Waiver of Premium covers your regular payments to your plan if an illness or disability stops you working for six months or more.
- For the first six months of your claim you must continue to make payments to your plan. After that, Waiver of Premium will cover your payments until you're able to return to work.
- When you return to work your claim ends and you must start making payments again.
- You can add Waiver of Premium to your plan until the first of these dates:
  - the last anniversary of your plan before your 56th birthday
  - the date your plan is due to end.
- You can continue to have Waiver of Premium in your plan until the first of these dates:
  - the last anniversary of the plan before your 60th birthday
  - the date your plan is due to end.

Any payments we are making for a claim will also continue until the first of these dates.

- Waiver of premium is usually available on a 'normal' occupation basis (which means you can claim if your illness or injury prevents you doing the normal activities associated with your current job). This depends on your personal circumstances, so we may accept you only on an 'any' occupation definition (which means you would need to be unable to perform any job before you could make a claim). Your plan documents will confirm whether cover is provided on a normal or any occupation basis. Waiver of Premium isn't available for all occupations and, if you have any doubts as to whether your occupation is excluded, please contact your financial adviser or contact us on our customer helpline on 0845 60 60 002. Call charges may vary.

### What will my payments be?

- The minimum payment you can currently make is:
  - £50 a month, or
  - £500 a year.
- The cost of the plan you are applying for is shown on the attached personal illustration. This payment is based on a number of different factors, including:
  - your age and sex,
  - whether or not you smoke,
  - amount of life cover you have chosen, and
  - our charges.
- You can make your payments monthly by Direct Debit, or yearly by Direct Debit or by cheque.

### Can my payments change in the future?

- Yes, you may need to take out a top-up plan which will mean an increase in your payments in the future if they no longer cover the cost of your life cover. This will depend on:
  - the performance of the fund(s) you have chosen
  - our claims experience (i.e. the number of claims we receive and the reasons for the claims)
  - our charges (see 'What about charges?' on page 5)
  - in addition, for with profits investments, any discretionary adjustments, including any smoothing (please see 'What are the discretionary adjustments?' on page 6). We may make discretionary adjustments in determining fair payouts and this could result in a higher or lower value. Any such adjustments will not reduce your guaranteed benefits.

For more information about smoothing and investing in with profits, please read the enclosed 'Understanding With Profits' booklet (UWP1nb).
- As long as you make all payments when they are due, your level of life cover is guaranteed for the first ten years of your plan.
- We will review your life cover after ten years, then every five years.

### Where are my payments invested?

- After initial charges have been deducted, your payment is used to buy units in your choice of one or more of our investment funds. (Further charges, including the cost of life cover are then taken from the value of your fund. Please see 'What about charges?' on page 5 and your personal illustration for more information on the charges that apply.) We offer a wide range of investment-linked funds and a with profits fund.
- Each fund is made up of 'units' and we use your payments to buy units in the fund(s) you choose.
- You can switch your payments in and out of various investment-linked funds to change the mix of investments, though there may be conditions and a charge for doing this. It is not possible to switch into or out of with profits.

- If you choose to invest in our investment-linked funds:
  - the price of one unit in each fund depends on the value of the investments;
  - we work out the value of your plan based on the total number of units you have in each fund. If the unit prices rise or fall, so will your plan value.

If you would like more information about the investment-linked funds, please ask your financial adviser or your nearest Standard Life office for a copy of 'Description of Funds' leaflet GEN11b.

- If you choose to invest in with profits the plan information that we send you with your policy schedule will include the name of your with profits fund and the number of units allocated.

The assets backing with profits are a mix of investments such as equities (company shares), property, bonds (which are loans to governments or companies) and cash deposits. Quarterly information on the asset mixes for different classes of with profits investment is published on our website, [www.standardlife.co.uk/with-profits](http://www.standardlife.co.uk/with-profits).

- With profits unit prices do not directly reflect the value of the underlying investments. Instead, the unit price may benefit from a regular bonus in the form of a daily increase based on the annual percentage rate for your plan.
- The with profits unit price is guaranteed not to fall unless a unit price reduction is applied. The unit value is equal to the number of units multiplied by the unit price. In addition to the unit value, we may pay a final bonus when units are cancelled.
- For more information about investing in with profits, please read the enclosed 'Understanding With Profits' booklet.

### What about charges?

- We deduct charges to meet the cost of setting up and managing your plan:
  - We apply a charge of 4% to your payment.
  - We then apply a separate charge of 5%. This is the bid/offer spread, which is the difference between the buying and selling price of the units in the funds your payments are invested in.
  - For investment-linked funds the current fund management charge, as a yearly percentage of your fund, is 0.75%.
  - For investment in with profits there is no explicit fund management charge. Instead we make deductions for our costs, including tax, charges and the cost of guarantees provided by with profits business. These deductions will not reduce your guaranteed benefits, but any final bonus we pay or any reduction to unit prices will reflect them.
  - We take a monthly charge, currently £1.00, from your fund. See below for more details on how charges may change, or refer to your personal illustration for more information.
  - If the value of your fund is less than the life cover, we will take an amount each month to cover this difference. If the life cover is less than the value of your fund then no amount will be taken.
  - If you choose Waiver of Premium, we take the cost of providing this cover as a fixed monthly charge (shown in your Personal Illustration).
  - Changing the funds in which your plan is invested is known as switching. The first four switches in any twelve month period are free. Any additional switches in the same period cost 0.5% of the value of the investment switched. The minimum charge is £10 and the maximum is £25.

- Your personal illustration shows what you might get back in the future. It details our charges for investment-linked funds and shows the effect they may have on reducing the value of your plan over the term of your plan.
- We can increase the charges we make for investment-linked funds and the deductions for our costs for investment in with profits. We may do so in the future if our costs are higher than originally expected. This might happen if for example:
  - tax rules change;
  - our staff or overhead costs are more than we expected.
  - our income from charges and deductions for costs is less than expected
  - for investment in with profits, our assessment of the cost of guarantees increases.

### **What are the discretionary adjustments (for with profits only)?**

We may make discretionary adjustments:

- in respect of smoothing
- to ensure fair treatment between those who choose to leave with profits and those who remain

For more information about smoothing and investing in with profits please read the enclosed 'Understanding With Profits' booklet (UWP1nb).

### **What if I stop paying?**

- Your plan would be made paid up. This means that no further payments can be accepted. You can then cash in your plan at any time for any value that may be available. This means that you may be able to leave your plan paid-up until the end of its term.
- If you do not cash in your plan, the charges will continue to be taken from it. Over time, these could reduce the value of your plan to zero. If this happens, your plan will then end.
- At any time, you can request a personal illustration that shows the potential effects of stopping your payments. Please contact your financial adviser or nearest Standard Life office. We strongly recommend that you talk to a financial adviser before you make a final decision.

### **What if I cash-in my plan early?**

- You can cash-in all or part of your plan at any time. You may not get back as much as you have paid in. If you are invested in with profits we may reduce the price of the units in certain circumstances. For more information please read the enclosed 'Understanding With Profits' booklet.

### **What about tax?**

This section only applies if the plan is owned by an individual/individuals. If the plan is not owned by an individual, you should ask a tax specialist for advice.

- We pay tax on investment returns at the rates applicable to life assurance companies.
- The plan provides a lump sum at the end of the term or on death which will be free from personal Income Tax and Capital Gains Tax if:
  - you have made all your payments
  - you have not made alterations to your plan which affect its tax status. An example of a change that could affect its tax status is making your plan paid-up in the early years.
- If you are an individual and you cash-in your plan you may have to pay tax if you are a higher-rate taxpayer, or if the proceeds of the plan make you a higher-rate taxpayer.

- If you die before you have cashed-in your plan, the lump sum payable may be subject to Inheritance Tax. You may want to talk to a tax specialist about this.
- All references to tax and legislation are based on Standard Life's understanding of law and HM Revenue & Customs practice at the date of publication. Tax and legislation are likely to change in future.

### Can I change my mind?

- You have a legal right to cancel your contract if you change your mind. You have a 30 day period to consider if you want to change your mind. This 30 day period starts from the day you receive your Policy Schedule and Policy Provisions (Terms and Conditions of the policy). During this period, if you decide you want to cancel, you should write to us at the address shown in the "How to contact us" section, instructing us to cancel the contract. Please make sure that you include your plan number in any correspondence with us.
- If you decide to cancel, and we have already received payment, we will refund the payment to the person who made it.
- At the end of the 30 day period you will be bound by the terms and condition of the plan and any money received by Standard Life will not be refundable under the cancellation rule.
- Please note, it is only the initial payment that you choose to make that will have cancellation rights. If you decide to increase the level of payment in the future you will not have the right to cancel the increase.

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

- We will send you a statement each year stating the value of your plan.
- You can also call our customer help line on 0845 60 60 002 for an update. Call charges may vary. Please have your plan number ready when calling.
- We will register you for our online service and send you a user ID and password, so you can check your plan details, including the current value on our website – [www.standardlife.co.uk](http://www.standardlife.co.uk).

### How to contact us

- Remember, your financial adviser will normally be your first point of contact.
- If you have any questions or would like to make any changes to your plan, you can phone us. We may record/monitor calls to help improve our service.
- Phone: 0845 60 60 002 (call charges may vary).
- You may prefer to contact us by writing to us at the address below:

Standard Life Assurance Limited  
Standard Life House  
30 Lothian Road  
Edinburgh  
EH1 2DH  
United Kingdom

## Other information

### How to complain

- We can send you a leaflet summarising our complaint handling procedures, on request.
- If you ever need to complain, first write to us at the address given in 'How to contact us' on page 7. If you are not satisfied with our response, you may be able to complain to:

The Financial Ombudsman Service  
 South Quay Plaza  
 183 Marsh Wall  
 London  
 E14 9SR

Telephone: 0845 080 1800 (Call charges may vary)  
 Switchboard: (020) 7964 1000  
 Fax: (020) 7964 1001

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)  
 e-mail: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

- Complaining to the Ombudsman will not affect your legal rights.

### Terms and Conditions

- This Key Features Document only gives a summary of Standard Life's Variable Protection Plan.
- The full definitions, exclusions, terms and conditions of this plan are given in the Policy Provisions booklet (VPP62) and the Policy Schedule. These will be sent to you once your plan starts (if you accept any terms offered), but you can request a copy at any time before then. If you would like a copy please ask your financial adviser or contact us.
- We have the right to change some of the terms and conditions. We'll write and explain if this happens, and send you a copy of anything that has changed.

### Law

- In legal disputes, the law of the country that applies is usually the law of the country in which you are resident when you take out the plan.
- The English language will be used in all documents and future correspondence.

### Compensation

- The Financial Services Compensation Scheme (FSCS) has been set up to deal with compensation if firms are unable, or likely to be unable, to meet claims against them.
- The amount of compensation available from the FSCS depends on the type of business and the circumstances of the claim. Further information is available from the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk).

### About Standard Life

- Standard Life Assurance Limited's product range includes pensions and investments.
- Standard Life Assurance Limited is on the Financial Services Authority Register. The registration number is 439567.