

# Key features of the Aviva Investment Bond



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**The Financial Conduct Authority is a financial services regulator. It requires us, Aviva Life & Pensions UK Limited, to give you this important information to help you to decide whether our Investment Bond is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.**

**Please read this document with the enclosed illustration. Where relevant additional information is contained in other documents these will be signposted at the appropriate point. You need to be comfortable that you understand the benefits and risks of this Investment Bond before deciding whether to invest. The purpose of this document is to help you to make an informed decision. However, we recommend that you seek financial advice before you make any decisions about this Investment Bond.**

**This document is aimed at someone taking out a new bond. If you are amending an existing bond, for example making an additional single contribution, please note that the charges may differ to those shown in this document and there may be additional options available to you. Where applicable, this will be highlighted. For more information on this or any additional information on your bond please refer to your original documents.**

## What is an Investment Bond?

The Investment Bond is a life assurance based investment which provides a way of investing a cash sum. You can invest with the aim of seeking growth and/or providing an income. The Investment Bond has a benefit payable on death.

Through the Investment Bond, you can invest in one or a number of investment funds. These funds invest in different types of assets, which tend to fall into four main categories; Money Market, Fixed Interest, Property and Shares. For more information please visit [aviva.co.uk/funds](https://www.aviva.co.uk/funds).

## Who should consider investing in an Investment Bond?

You should consider the Investment Bond if you are aged between 18 and 84 and want to invest £5,000 or more. You can invest individually, jointly with someone else or as a Trustee. There is no fixed term to your bond.

## Its aims

To increase the value of your investment.

To allow you to take one-off or regular withdrawals.

To allow you to put your money in a wide range of funds investing in different assets, industries and different parts of the world.

## Your commitment

You must invest a lump sum of at least £5,000 (or £500 for extra payments into existing bonds).

You should be willing to invest for the medium (at least 5 years) to long term (over 10 years).

## Risks

The value of your investment and any income that is produced can fall as well as rise and is not guaranteed. You may get back less than you invest, especially if you cash in the bond in the early years.

Many things could happen to lower the value of your investment.

The tax rules on investment bonds and the funds they invest in may change in the future.

The bond's charges may increase in the future.

If you take one-off or regular withdrawals, this will reduce your capital growth and could cause the value of your investment to fall below its original investment amount. This is more likely at times of low investment growth or when the amount taken is higher than the growth of your fund after charges.

If the growth of your selected fund(s) does not cover the bond charges, then this will reduce the value of your investment.

Investment growth may be lower and charges may be higher than we have assumed in your illustration.

If you have invested in a with-profits fund in certain circumstances we may need to apply a market value reduction which will reduce the value of your with-profits investment. You can find more information about with-profits and market value reductions in the 'Where can I invest my money?' section on page 3.

There are other risks which could affect the performance of the funds you invest in. For more information please visit [aviva.co.uk/funds](https://www.aviva.co.uk/funds).

## Questions and Answers

### 1. Can I change my mind?

Yes, if you decide to invest in this bond we will send you a 'Your right to change your mind' form. You will then have 30 days to cancel your bond. Please be aware that if you do cancel within 30 days we will return the amount invested, less any withdrawals taken, less any fall in value that has occurred (after allowing for any withdrawals taken) before we receive your instruction to cancel. This means you may get back less than you invested.

If you have invested all or part of your investment in a with-profits fund, a market value reduction may apply. Please see the 'Where can I invest my money?' section on page 3.

If you do not cancel within this period your bond will continue in accordance with its terms and conditions, and any decision to cancel your bond at a later date may be subject to any charges as shown in your illustration.

Please send your cancellation form to the address shown in the 'How to contact us' section on page 5.

You will also have the right to cancel any extra investments you make to your bond.

## 2. What are the charges?

The charges we take cover the cost of setting up your bond (which may include the cost of commission, which will be shown on your illustration). They also include the cost of administering your bond and professionally investing your money and an element of life insurance cover. However, they do not cover any fee you may have to pay your financial adviser. Any additional investments are treated as if a new bond has been taken out for charging purposes.

There is an ongoing Additional Yearly Fund Charge which is calculated as a percentage of the value of the fund. It may be changed at any time. This charge will be shown on your personal illustration. For more information, please see Part D of the **Investment and Trustee Bond Plan Booklet**.

During the first three years of your bond there may be a monthly charge (known as an 'establishment charge'). This is paid for by cancelling units in the funds each month. If there is an establishment charge this will be shown on your personal illustration.

Fund charges vary depending on the funds you have selected, further details can be found by visiting our Fund Centre at [aviva.co.uk/funds](https://www.aviva.co.uk/funds).

If you decide to cash in all or part of your bond in the first five years there may be an early cash-in charge.

Please remember charges will reduce your investment's potential for growth and/or income.

A percentage (known as the allocation rate) of your investment will be invested in the funds you choose. Allocation rates depend on a number of factors such as the size of your investment, charges and the age of the youngest life assured at the date the investment is received.

Please see your personal illustration for charges that apply to your bond.

### Fund expenses

Some funds have additional costs which vary depending on the fund chosen. These will be shown on the illustration. Fund expenses are incurred in addition to the Yearly Management Charge. For more information please visit our Fund Centre at [aviva.co.uk/funds](https://www.aviva.co.uk/funds).

### Changes to charges

There are a number of circumstances that could lead to an increase in the charges. For example tax rule, legislative or regulatory changes, or staff and overhead costs (which are reasonable in amount and reasonably incurred) being higher than we expect. In some cases the costs of using 'third parties' could be more than we expected. A third party is any party which is not Aviva Life & Pensions UK Limited. If any of this happens, we will write to you to advise you of the change. These circumstances are detailed in the **Investment and Trustee Bond Plan Booklet**.

## 3. How can I pay money in?

Your initial payment into your bond must be at least £5,000. You can make additional payments into your bond by contacting us on **0345 603 3419**. The minimum additional payment is currently £500. Note this amount could change in the future.

If you make additional payments into your bond, they are treated as separate investments for charging purposes. The age of the (youngest) life assured cannot be more than 84 when making

extra payments. You should be aware that the value of your extra payments as well as your original investment amount can fall as well as rise and is not guaranteed.

## 4. Where can I invest my money?

### Unit-linked funds

You can invest in a wide range of funds. These funds are divided into equal units and a certain number of units in the fund will be allocated to your Investment Bond, depending on the amount of money that you invest. The return on your investment depends on the performance of the chosen funds and the fund charges.

Each unit has a 'unit price' which is calculated every business day. This price is used to calculate the value of your Investment Bond. We simply multiply the number of units you have by their unit price. The value of units can fall as well as rise and is not guaranteed.

Funds are managed and operated in line with the fund manager's rules. Please see 'Section One, Part D' of the **Investment and Trustee Bond Plan Booklet** for more information.

### With-profits funds

You may also have the option of investing in either the with-profits fund or the with-profits income fund. These funds are not always available for new investments, please see your financial adviser for more information. It is not possible to invest in both of the funds at the same time under one bond.

By investing in the with-profits fund or with-profits income fund, you are entitled to a share of the profits within the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund. You receive a share of the profits as bonuses that we add to your bond. Bonus rates are regularly reviewed and may change at any time. Future bonuses cannot be guaranteed as they come from profits yet to be earned. The amount available for bonuses is affected by several factors which include the cost of meeting any guarantees provided under new and existing policies in the with-profits sub-fund.

There are two types of bonus that may be added to your bond:

- A regular bonus which, if payable, is added to your bond by increasing the unit price. The annual bonus rate reflects the returns we expect to receive from the relevant assets of the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund, while smoothing out any rise or fall in those returns.
- A final bonus, also known as a 'terminal bonus' which may be added when we pay benefits.

If the investment performance of the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund has been worse than that reflected in the bonuses we have already added to your bond, and you decide to cash in your bond, we are likely to reduce the value of units. This reduction is called a 'market value reduction'. We will not apply a market value reduction should you die. If we have to apply a market value reduction you can choose to delay your planned transaction to a later date, although a market value reduction may still apply.

If you would like more information on the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund, we have a document

**With-Profits Summary for the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund**. We also have a more detailed document, our **Principles and Practices of Financial Management (PPFM) for the Aviva Life & Pensions UK Limited FLC With-Profits Sub-Fund**. Both of these are available on our website [aviva.co.uk/ppfm](https://www.aviva.co.uk/ppfm) or by asking your financial adviser.

### **Can I switch between investment funds?**

You can normally switch money between funds at any time. However, it is not possible to invest in both the with-profits fund and the with-profits income fund at the same time under one bond. All switches you make are currently free of any switch charge. We reserve the right to introduce a charge in the future. If you are invested in a with-profits fund a market value reduction may apply. Please see the section 'With-profits funds' on page 3, together with 'Section Three' of the **Investment and Trustee Bond Plan Booklet** for more information.

### **Are there any restrictions?**

We reserve the right to delay any dealings in the funds such as cash-ins or switches for up to one month (for example when dealings on a stock market exchange are suspended), and six months for funds that invest in Property (to allow Property to be sold if necessary). In unusual or exceptional circumstances these periods may be extended for as long as is necessary and is fair to policyholders who are invested in the fund. Any transactions deferred will then be based on the unit price at the point the transaction takes place and not the date that it was requested. The full circumstances of when we may exercise such discretion are set out in 'Section One, Part E' of the **Investment and Trustee Bond Plan Booklet**.

### **5. How will I know how my bond is doing?**

Each year we will send you an Annual statement giving you the current value, details of any additional payments you have made and withdrawals you have taken.

### **6. Can I take money out?**

You can take regular withdrawals from your bond on a monthly, quarterly, half-yearly or yearly basis. There is a minimum withdrawal amount of £50 and you must leave enough in your bond to cover a value of £1.

To set up a regular withdrawal, you will need to complete the relevant section on the application form. If your bond is in force, ask your financial adviser for a **Regular withdrawal form**. One month's notice is required prior to a withdrawal being made.

Up to a maximum of 7.5% of the value of your bond can be taken each year as a regular withdrawal, free of any cash-in charges. If you do not use this 7.5% allowance, it cannot be rolled over to subsequent years.

A market value reduction charge may apply.

We will normally make payments on the same day of the month that your bond began. If you choose to take regular withdrawal based on a percentage of the value of your bond, you should be aware that the amount can fall as well as rise in line with the capital value of the bond.

Regular withdrawal reduces capital growth potential and could cause the value of your bond to fall below your original investment amount. If you take an immediate withdrawal, this will erode the value of the bond below the amount you originally invested until such time as investment performance may compensate for the amount taken.

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

You can cash in all or part of your bond at any time, though you should remember that the bond is intended to be kept for at least five years. The amount you will receive if you cash in your bond will depend on the value of your investment at that time.

If you are invested in a with-profits fund a market value reduction may apply. Please see the section 'With-profits funds' on page 3 for more information.

If you decide to cash in your bond you can do so by writing to us and sending back your bond documents. Please speak to your financial adviser first.

### **7. What happens to my bond if I die?**

Life cover is included in your investment and is based on the lives of the people you name as 'life (or lives) assured' on your application form. Most investors name themselves as one of the lives assured.

It is possible to name up to nine lives assured on your bond. This can be beneficial as it means that if you die and are survived by another life (or lives) assured, the bond will keep running rather than being automatically cashed in on your death. This gives the new bondholder (i.e. whoever inherits your bond should you die) more control over exactly when the bond is cashed in.

The lives assured you name on your bond do not in any way own the bond, unless they are also the policyholder. They would only take ownership if they inherited this bond in the event of your death.

If this investment has been made on behalf of a trust, the ownership will not be affected by the death of a Trustee (the 'bondholder(s)').

### **What happens when the last life assured dies?**

When the last life assured dies, your bond will end and we will pay an amount based on the value of your bond and the date it started. An accidental death benefit may be payable.

The current death benefit amount payable is the value of your bond, multiplied by the factor shown on your original illustration. If the accidental death benefit becomes payable, it is paid instead of the death benefit amount. The accidental death benefit amount payable is 110% of the value of your bond. There are some exclusions to accidental death benefit payable, these can be found in 'Section Two' of the **Investment and Trustee Bond Plan Booklet**.

The value of the death benefit is calculated on the next working day following receipt of notification of death. Payment will be made on receipt of all the necessary documentation including proof of who has the right to receive the proceeds.

### **8. What about tax?**

Tax information is based on our interpretation of current tax legislation. Tax legislation may change in the future and the value of any tax benefits depends on your individual circumstances.

### **Are there any tax implications while my money is invested?**

The fund(s) in which you invest has to pay tax on income from investments and capital gains and we take this tax from the fund(s).

The amount of tax payable by us as above will not normally exceed 20%. If the fund(s) holds any overseas investments then tax will be payable in the country where they are held. If this tax exceeds 20% then the additional amount will be charged only to those fund(s) that hold the overseas investments. Please speak to your financial adviser to see if your investment choices may require tax to be paid overseas.

### **What are the tax implications when money is taken out of the bond?**

Any withdrawal you take from your bond is considered as a 'withdrawal' of your capital. It is subject to special income tax rules for calculating and assessing the amount of any income tax liability that may arise on a chargeable gain.

You can currently withdraw up to 5% per year of the original, and any additional investment amounts for the first 20 years without having to pay any income tax at the time you withdraw this amount. Such withdrawals are taken into account when the bond is cashed in to see what tax (if any) should be paid.

If you do not use the full 5% allowance in any year, the unused amount is carried forward for use in future years.

If a withdrawal exceeds the cumulative 5% allowances, this may be subject to an immediate tax liability. If you fully cash in your bond it may also give rise to an immediate tax liability if there is a chargeable gain.

If you are a basic rate taxpayer and the chargeable gain causes your income to go over the higher rate income limit, you may be liable to pay tax on the amount that exceeds this limit. The rate of tax payable will be the difference between the higher and basic rate.

If you are a higher rate taxpayer, you will have to pay tax on any chargeable gain. The rate of tax payable will be the difference between the higher and basic rate. If a chargeable gain causes your income to go over the additional higher rate income limit, you may be liable to pay further tax on the amount that exceeds this limit.

Any returns from your bond are not subject to Capital Gains Tax unless the policy is sold to someone else.

Any chargeable gain on withdrawals in excess of the 5% allowance or on a full cash in or on death is free from the basic rate of income tax. However any means-tested benefits or credits you may be entitled to could be affected.

Please note that the personal income tax allowance may no longer be available for those with total income above £100,000 – please speak to your financial adviser for more information.

### What about tax on death?

If your bond pays out on death, any chargeable gains may result in a tax liability.

The benefits payable under your Investment Bond on your death will form part of your estate for Inheritance Tax purposes. Under current law, by setting up your bond subject to an appropriate trust, you can normally make sure that the potential liability to Inheritance Tax on such benefits is reduced or, possibly eliminated. However, you will not be able to benefit from the bond yourself during your lifetime and the amount you have invested will be a 'gift' for Inheritance Tax purposes.

## Further Information

### How to Contact Us

Your financial adviser will normally be your first point of contact. However, if you have any questions you can phone us or write to us. Please note we are not able to give financial advice.

Call us on **0345 603 3419** between **Monday to Friday 8am to 6pm**.

As part of our commitment to quality service, telephone calls may be recorded.

If you wish to exercise your right to cancel your bond or to write to us for any other matter please use the following address:

**Aviva Administration Centre**  
**PO Box 582**  
**Bristol**  
**BS34 9FX**  
**United Kingdom**

## Customer Status

We will treat you as a retail client. This means that you have the highest degree of protection available under the Financial Conduct Authority rules. This includes access to complaints and compensation procedures. However, you will not be covered for any claims that advice was inappropriate unless this product was personally recommended to you by a financial adviser authorised by the Financial Conduct Authority.

## How to Complain

If you've taken a product out with Aviva and are unhappy with the product or the service you received, you can contact us using the details in 'How to contact us' section on this page.

We aim to resolve your complaint quickly. If we can resolve your complaint within three working days following the day we receive it, we'll write and confirm this to you, along with your rights to refer your complaint to the Financial Ombudsman Service (FOS).

If we don't resolve your complaint within three working days of receiving it, we'll;

- acknowledge your complaint promptly
- assign a dedicated complaint expert to review your complaint
- carry out a thorough and impartial investigation
- keep you updated as to our progress
- do everything we can to resolve things as quickly as possible; and
- send you a written response within eight

weeks of receiving your complaint. This will tell you the results of the investigation or explain why that's not possible.

Where we can't resolve your concerns, or have been unable to resolve them within eight weeks, you may be able to ask the FOS to carry out an independent review. Whilst firms are bound by their decisions, you aren't. Contacting the FOS won't affect your legal rights. You can contact them on **0800 023 4567** or visit their website at **financial-ombudsman.org.uk**, where you'll find further information.

## Potential conflicts of interest

There may be times when Aviva Plc group companies or our appointed officers have some form of interest in the business being transacted. If this happens or when we become aware that our interests, or those of our officers, conflict with your interests, we'll take all reasonable steps to manage that conflict of interest. We'll do this in a way that treats all customers fairly and in line with proper standards of business.

Further details of our conflicts of interest policy are available on request. Where, despite all efforts to manage a conflict of interest, the conflict of interest cannot be prevented, we will disclose it to you before you commit to taking out this product or taking any investment action in relation to it.

## Compensation

Your bond is covered by the Financial Services Compensation Scheme. If we become insolvent and we can't meet our obligations under this bond, the scheme may cover you for up to 100% of any successful claim you make.

For more information on this scheme, please visit **fscs.org.uk** or call **0800 678 1100** or **0207 741 4100**.

## Solvency Financial Condition Report

Every year we publish a Solvency and Financial Condition report which provides information about our performance, governance, risk profile, solvency and capital management. This report is available for you to read on our website at: [aviva.com/investor-relations/institutional-investors/regulatory-returns](https://www.aviva.com/investor-relations/institutional-investors/regulatory-returns)

## Terms & Conditions

This Key Features document gives you a summary of the Investment Bond. It does not include all the definitions, exclusions, and terms and conditions. These are shown in the **Investment and Trustee Bond Plan Booklet**. If you would like a copy of the **Investment and Trustee Bond Plan Booklet**, please contact us.

## Financial Services Register Details

Aviva Life & Pensions UK Limited is a company limited by shares. It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is entered on the Financial Services register, number 185896. [register.fca.org.uk](https://www.register.fca.org.uk)

## Financial Advisers

We recommend that you seek financial advice before you make any decisions about this plan. If you do not have a financial adviser, one can be found at [unbiased.co.uk](https://www.unbiased.co.uk)

Where you have received information or advice from a financial adviser they will provide you with information regarding their identity, the capacity in which they are acting and their address for future communications.

## How are Aviva staff remunerated?

Aviva staff and the staff of companies providing third party services to Aviva are salaried and may receive an annual bonus based upon the overall performance of their company. They do not receive bonuses based on the sale of Aviva products.

## Law and Language

Aviva and you have a free choice about the law that can apply to a bond. We propose to choose the law of England. By entering into the bond you agree that the law of England applies. Your contract documents will be supplied to you in English and any subsequent correspondence with you regarding your contract will be in English.

## Key Features Document Information


If the personal illustration supplied to you contains an expiry date and you wish to apply after this date, you should ask for a further illustration and Key Features document from your financial adviser. The date when the Key Features document was produced is shown at the end of the document. If you are not sure if you have the most up-to-date version, please contact your financial adviser.



## Need this in a different format?

Please get in touch if you would prefer this key features, **(HL59015 AIBKFDFA)**, in large print, braille, audio, or in a different colour.

## How to contact us

 0345 603 3419

 [contactus@aviva.com](mailto:contactus@aviva.com)

 [Aviva.co.uk](http://Aviva.co.uk)

| Retirement | Investments | Insurance | Health |

### Aviva Life & Pensions UK Limited.

Registered in England and Wales No. 3253947. Aviva, Wellington Row, York, YO90 1WR.  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm reference number 185896.

**Calls to Aviva may be recorded.**

[aviva.co.uk](http://aviva.co.uk)

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