

Key Features of Prosperity Savings Plan

keyfacts®



The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Friendly, to give you this important information to help you decide whether our Prosperity Savings Plan is right for you. You should read this document and the enclosed separate sample illustration carefully so that you understand what you are buying. Please keep both documents with the policy document, which we will send you.

ITS AIMS

- To provide you with a cash lump sum at the end of a selected term (minimum of 10 years).
- To provide a tax-paid lump sum for your dependants should you die during the term of the plan.

YOUR COMMITMENT

- You agree to pay your chosen regular savings amount for the term of the plan.

RISKS

- Your circumstances may change forcing you to cash in your Prosperity Savings Plan early, in which case you may not get back as much as you have paid in. This is particularly true in the early years where you will get back nothing if you cash in within the first 23 months.
- Future bonus rates will depend on our investment performance and our actual expenses and are not guaranteed.
- The levels and basis of taxation may change in the future.

QUESTIONS & ANSWERS

What is the Prosperity Savings Plan?

The Prosperity Savings Plan is a with-profits regular savings plan.

Anyone who is a UK resident between the ages of 18 and 55 can start one.

How does it work?

When you take out a Prosperity Savings Plan we will provide you with a guaranteed cash value to be paid at the end of the selected term. Over the term of your plan, depending on our investment performance, we may add bonuses to this guaranteed cash sum.

The guaranteed cash value will be less for older ages and will require you to pay all your premiums.

Your Prosperity Savings Plan comes into force when your policy document is issued and your first premium is successfully collected.

How much can I save?

You can pay by monthly or yearly premiums. The minimum monthly premium is £20 and the minimum yearly premium is £230.

Where do you invest my premiums?

We invest your premiums in the Scottish Friendly With-Profits fund and you can find out more about this in the 'How we invest your money' guide provided. Please read this carefully.

What are the charges?

As a traditional with-profits plan, the guaranteed minimum cash sum and all bonus rates are calculated after the deduction of all charges. This means that the plan does not have any fixed or explicit charges. An example of the expected deductions over the life of the plan is given in the illustration provided. These are best estimates, based on recent experience. They could be higher or lower than this in the future which will have an effect on your final payout.

Can I cash in my Prosperity Saving Plan?

You may cash in your Prosperity Savings Plan at any time by writing to us. However if you cash in within the first 23 months, you will get nothing back. If you cash in after the first 2 years, any return you get back may be less than the amount you have paid in. To cash in your Prosperity Savings Plan, you should write to Scottish Friendly at the address on the back of this booklet.

Can I stop paying the premiums?

If you stop paying the premiums, we will tell you that your life cover will stop. This means we won't pay anything if you die before the end of the plan's life.

However you do have the flexibility to stop and miss payments for up to 12 months. Provided you restart your payments, and also pay back any of the payments you have missed, within a 12 month period your plan benefits will not be affected.

If you stop premiums for more than 12 months then we will reduce the payout you will receive at

the end of your plan's life and not add any more bonuses.

Alternatively you can cash in your plan.

If you don't pay premiums for more than 12 months, you cannot start paying again and if you stop paying in the first 23 months, the plan will end and you won't get anything back.

What if I die during the life of the plan?

If you die during the life of your plan, your estate, which may be liable to inheritance tax, will receive a tax-free payout equal to the plan's value at death.

The plan's value at death consists of the guaranteed minimum cash sum plus any bonuses that we have added.

Can I change my mind?

Within your welcome pack, you'll receive notice of your right to change your mind and how to cancel. You'll then have 14 days to cancel your investment and we'll provide instructions letting you know how to do this. If you decide to cancel within the period, we'll give you your money back.

What happens if Scottish Friendly becomes insolvent?

If you buy a Scottish Friendly Prosperity Savings Plan and we cannot pay the full amount due, you may be entitled to compensation under the Financial Services Compensation Scheme. The first £2,000 of a claim in relation to the plan value is protected in full. Above this, the scheme covers up to 90% of the remaining plan value.

You can get further information from the Financial Services Compensation Scheme at: Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

Tel 020 7892 7300. www.fscs.org.uk

What about tax?

The fund your money is invested in is subject to tax which is paid by us. If you keep your plan in full force, the benefits paid out will, under current rules, be free of personal income and capital gains tax. However, if the guaranteed minimum cash sum on death forms part of your estate, inheritance tax might have to be paid on it.

All references to taxation are to UK taxation and are issued on the basis of Scottish Friendly's understanding of current tax law and practice. The levels and basis of taxation may change.

HOW TO CONTACT US

Here are our contact details if you need to ask us anything: Scottish Friendly Assurance Society Limited, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ. Tel: 08456 00 54 33.

OTHER INFORMATION

Your client category

We are required to categorise our clients and this determines the level of detail and information that you will receive. We will treat you as a 'Retail Client' in respect of the services we will provide you, which means that you will benefit from the highest level of consumer protection.

How to complain

If you wish to complain about any aspect of the service you have received, please contact us. Details can be found in the 'How to contact us' section.

If you are not satisfied with our response to your complaint, you can contact the Financial Ombudsman Service at: Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Tel: 0845 080 1800.

Making a complaint won't affect your legal rights.

Language and law

The contractual terms and conditions and all communications in relation to this plan will be supplied in English.

In legal disputes, the law of Scotland will apply.

This booklet is a brief guide to the key features of the product. Full details are contained in the policy document which is evidence of the legally binding contract between you and Scottish Friendly Assurance Society Limited.

The society

Scottish Friendly was founded in 1862 (formerly The City of Glasgow Friendly Society) and is an incorporated friendly society under the Friendly Societies Act 1992, registered in the United Kingdom at the address on the back of this booklet. Scottish Friendly's total funds under management are over £704 million (as at 31/12/08).

Rules of the society

You can ask Scottish Friendly for a copy of the rules of the society.

Scottish Friendly Assurance Society Limited,
Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.
www.scottishfriendly.co.uk
Authorised and regulated by the Financial Services Authority.
Details can be found on the FSA register
– Registration No. 110002.
Member of ABI and AFS.



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