

Key Features of the MoneyBuilder Plan

HELPING YOU DECIDE

What is the purpose of this document?

The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Friendly, to give you this important information to help you to decide whether our MoneyBuilder 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.

What questions should I ask before I invest?

- In this document we have given you the answers to 16 important questions. You'll find these on pages 1 to 3.

What should I do now?

- Please read:
 - this Key Features document
 - the enclosed 'Your guide to the Scottish Friendly with-profits fund'.
- Please keep both documents with your policy document which we will send you.

KEY FEATURES OF THE MONEYBUILDER PLAN

ITS AIMS

- To provide you with a lump sum at the end of 15 years.
- To provide a lump sum for your dependants should you die during the life of the plan.



YOUR COMMITMENT

- You agree to pay regular monthly premiums for 15 years.
- Premiums increase by 20% of the initial premium each year for the first 5 years. In year 6, your premiums will be double those in year 1 and be payable at this level for the rest of the plan.

RISKS

- Your circumstances may change, forcing you to cash in your MoneyBuilder plan early, in which case you may not get back as much as you have paid in. A Market Value Reduction may apply if you cash in early. You will get nothing back if you cash in in the first 2 years.
- Future bonus rates will depend on investment performance and actual expenses and are not guaranteed.

QUESTIONS & ANSWERS

Who should consider this plan?

- You should consider this plan if you want to invest a regular amount each month for 15 years and would like your monthly payments to increase gradually over the first 5 years. Anyone aged between 16 and 59 and living in the UK can start one.

What is MoneyBuilder?

- MoneyBuilder is a 15 year unitised with-profits regular investment.
- It gives life insurance cover on your life.
- It guarantees to pay a minimum cash sum after 15 years.

How does it work and how is my money invested?

- You select at outset how much you initially wish to pay in each month. At the end of each of the first 5 years, premiums increase by 20% of the initial premium.
- After deducting the charges shown in the illustration, the remainder of each premium is used to buy units in our With-Profits fund. You can find out more about this in the guide included in this pack. Please read this carefully.
- Your plan comes into force when your policy document is issued and your first premium is collected.
- Regular bonuses are added by increases in the unit price. The rate of bonus additions will vary from time to time, reflecting changes in market conditions and the rates of return being achieved from the underlying investments. The Society aims to provide a smooth rate of increase in unit prices by ironing out extreme fluctuations in the underlying investment returns.

How much can I invest?

- The minimum initial monthly payment is £10 and the maximum is £100.
- Regular premiums must be paid monthly by Direct Debit.

What are the charges?

For the example shown below, there is:

- An initial charge of 100% of each premium paid in the first 24 months.
- A regular charge for the cost of life cover, which varies depending on your age.
- Any expenses not covered by other charges will be charged for by a reduction in the bonuses declared in the With-Profits fund and this reduction is assumed to be 1% of the Fund value per year in the illustration on page 3.

Can I cash in my MoneyBuilder plan?

- You may cash in your MoneyBuilder plan at any time. However if you cash in within the first 2 years, you will get nothing back. Please refer to the table opposite for more information on charges and some examples of possible cash in values. If any benefits are taken at any time other than maturity (or death), we may reduce the value of your units by

applying a Market Value Reduction (MVR). An MVR will apply if, in our view, the actual investment return achieved over the time your plan is in force is insufficient to support the bonus additions. For example, a reduction may be made when stockmarkets are depressed. This could be a significant proportion of the value of units. The MVR is designed to protect continuing investors and ensure a fair distribution of investment returns. To cash in your MoneyBuilder 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 life.
- However you do have the flexibility to stop and miss payments for up to 13 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 13 months no more units will be bought and life cover will cease. The value of the plan will depend on the growth of the units purchased before you stopped premiums.
- Alternatively you can cash in your plan.
- If you don't pay premiums for more than 13 months, you cannot start paying again and if you stop paying in the first 2 years, the plan will end and you won't get anything back.

What if I die during the life of the plan?

- The plan will pay out a lump sum if you should die before the plan ends. The amount of this lump sum will depend on the value of your investments (including any terminal bonus) but, provided that we can apply our standard terms to the life cover, it will be at least the life cover amount shown in the illustration on page 2. We will tell you before the plan starts if special terms apply.
- Once we have paid out a lump sum on death, the plan ends and has no further value.
- If you die before the end of the life of the plan, we may need to contact your doctor for medical information.

What you might get back after 15 years	
An example:	
Investor	Aged 35 next birthday
Duration of plan	15 years
Initial monthly premium	£10
Life cover	£2,430
Guaranteed minimum cash sum	£2,959
Total invested	£3,240
<p>If investments grew at 4% per year you would get back £3,580.</p> <p>If investments grew at 5% per year you would get back £3,820.</p> <p>If investments grew at 6% per year you would get back £4,080.</p>	
<ul style="list-style-type: none"> • These figures are only examples and are not guaranteed. They are not minimum or maximum amounts. What you get back depends on how your investments grow. • You could get back more or less than this. • The annual rates of growth have been based on our reasonable estimate of potential returns and are lower than the maximum allowable investment growth assumptions. All the figures include the deduction of the actual charges assumed on the plan. • Do not forget that inflation would reduce what you could buy in the future with the amounts shown. 	

How could the charges affect my investment?

The illustration below is based on an initial £10 monthly investment in the MoneyBuilder for an investor aged 35 next birthday. The last two columns assume that investments will grow at 5% a year.

Warning: If you cash in before the end of the plan's life, you could get back less than you have paid in.

At end of year	Total paid in to date	Total actual deductions to date	Effect of deductions to date	What you might get back
	£	£	£	£
1	120	120	124	0
2	264	264	280	0
3	432	266	297	166
4	624	271	316	367
5	840	277	339	600
10	2,040	348	509	2,050
15	3,240	491	806	3,820

What are the deductions for?

- The deductions include the cost of setting up the plan, service and administration expenses and the cost of life cover.
- The last line in the table shows that, over the full life of the plan, the effect of the total charges could amount to £806.
- Putting it another way, this would have the same effect as bringing investment growth down from 5% to 2.4%.

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 30 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 MoneyBuilder 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 bond value is protected in full. Above this, the scheme covers up to 90% of the remaining bond value.
- You can get further information from the Financial Services Compensation Scheme at: Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsooken Street, London E1 8BN. Tel 020 7892 7300. www.fscs.org.uk

What about tax?

- The fund in which your money is invested is subject to tax, which is paid by us. If you pay all the premiums due, the benefits paid out will, under current rules, be free of personal income tax 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 guide to the key features of the product. Further 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 leaflet. Scottish Friendly's total funds under management are over £750 million (as at 31/12/09).

Rules of the society

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

No advice has been provided by Scottish Friendly in relation to this plan. If you are in any doubt as to whether this plan is suitable for you, you should contact a financial adviser for advice. If you do not have a financial adviser, you can get details of local financial advisers by visiting www.unbiased.co.uk Advisers may charge for providing such advice and should confirm any cost beforehand.