



Key Features of the Prosperity Plan

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.

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 Prosperity 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 some important questions. You'll find these on pages 2 to 6.

What should I do now?

Please read:

- this Key Features document
- the 'How we invest your money' guide.

Please keep both documents with your policy document which we will send you.

Key Features of the Prosperity Plan

Its aims

- To provide you with a lump sum after 10 or 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 your chosen regular premium for your chosen 10 or 15 year plan life.

Risks

- Your circumstances may change forcing you to cash in your Prosperity 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.
- Your initial guaranteed minimum cash sum will protect some but not all of your total payments into the plan. This means, depending on future bonus rates, you could get back less than you have paid in.
- Future bonus rates will depend on investment performance and actual expenses and are not guaranteed.
- The tax treatment of your plan depends on your individual circumstances and the levels and basis of taxation may change in the future. This may reduce the amount you get back or increase the amount of tax you pay.

Questions & answers

Who should consider this plan?

You should consider this plan if you want to invest regular premiums over 10 years or 15 years and you are aged between 18 and 55, and living in the UK.

What is the Prosperity Plan?

The Prosperity Plan is a 10 or 15 year with-profits plan.

How does it work?

When you take out a Prosperity Plan we will provide you with a guaranteed minimum cash sum to be paid at the end of your chosen 10 or 15 years, provided you pay all your premiums. Over the life of your plan, depending on our investment performance, we may add bonuses to this guaranteed minimum cash sum.

Due to the higher cost of life cover for older age groups, the guaranteed minimum cash sum will be less for older applicants.

Your plan starts when your policy document is issued and your first premium is collected.

How much can I invest?

You pay by monthly premiums. The minimum monthly premium is £15.

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. 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 on page 4/5. 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 Plan?

You may cash in your Prosperity 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 Plan, you should write to Scottish Friendly at the address on the page 6.

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.

If you die before the end of the life of your plan, we may need to contact your doctor for medical information.

What you might get back after 10 and 15 years		
Investor (age next birthday)	40	
Duration of plan	10 years	15 years
Monthly premium	£50	£50
Total invested	£6,000	£9,000
Guaranteed minimum cash sum	£5,292	£7,692
What you might get back		
If investments grow at 4% per year	£6,280	£10,200
If investments grow at 5% per year	£6,580	£11,000
If investments grow at 6% per year	£6,900	£11,800
<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 investment grows. • 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 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 illustrations on the next page are based on a £50 monthly investment in the Prosperity Plan for an investor aged 40 next birthday over 10 years and 15 years. 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.

10 year plan

At the end of year	Total paid in to date	Total actual deductions to date	Effect of deductions to date	What you might get back
	£	£	£	£
1	600	600	616	0
2	1,200	467	514	748
3	1,800	504	576	1,360
4	2,400	542	644	2,010
5	3,000	583	717	2,680
10	6,000	810	1,160	6,580

15 year plan

At the end of year	Total paid in to date	Total actual deductions to date	Effect of deductions to date	What you might get back
	£	£	£	£
1	600	600	616	0
2	1,200	642	689	573
3	1,800	683	765	1,170
4	2,400	727	846	1,800
5	3,000	773	935	2,460
10	6,000	1,040	1,490	6,250
15	9,000	1,370	2,260	11,000

What are the deductions for?

The deductions include the cost of setting up your plan, expenses, life cover, any cash-in charges and any other adjustments.

The last line in the tables show that over the full duration of the plans in the two examples given, the effect of the total deductions could amount to £1,160 for a 10 year plan and £2,260 for a 15 year plan.

Putting it another way, leaving out the cost of life cover, this would have the same effect as bringing the investment growth used down from 5% to 2.1% for a 10 year plan and down from 5% to 3% for a 15 year plan.

The deductions shown in this guide are best estimates and are based on current experience. They could vary in the future.

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 Prosperity Plan and we cannot pay the full amount due, you may be entitled to compensation under the Financial Services Compensation Scheme. The maximum level of compensation for claims against firms declared in default is 90% of the claim with no upper limit.

You can get further information from the Financial Services Compensation Scheme at: Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portoken Street, London E1 8BN. Tel 0800 678 1100. www.fscs.org.uk

What about tax?

The fund your money is invested in is subject to tax. If you keep your plan in full force, the benefits paid out will, under current rules, be free of any further 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 tax treatment of your plan depends on your individual circumstances and the levels and basis of taxation may change in the future.

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: 0333 323 5433*.

*Calls cost no more than calls to numbers starting with 01 or 02 and if you are calling from a mobile phone, calls will count towards any inclusive minutes you have rather than being charged separately.

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: 0800 023 4567 (free from UK landlines) or 0300 123 9123*.

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 booklet. Scottish Friendly's total funds under management are over £800 million (as at 31/12/10).

Rules of the society

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

The Direct Debit Guarantee



This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits.

If there are any changes to the amount, date or frequency of your Direct Debit Scottish Friendly will notify you 5 working days in advance of your account being debited or as otherwise agreed. If you request Scottish Friendly to collect a payment, confirmation of the amount and date will be given to you at the time of the request.

If an error is made in the payment of your Direct Debit, by Scottish Friendly or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society.

If you receive a refund you are not entitled to, you must pay it back when Scottish Friendly asks you to.

You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

*Calls cost no more than calls to numbers starting with 01 or 02 and if you are calling from a mobile phone, calls will count towards any inclusive minutes you have rather than being charged seperately.

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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 AFM.

