

April 2023

Key Features and Terms and Conditions of the Bonus ISA

These key features apply to the tax year 2023/2024.

No advice has been given by Scottish Friendly in respect of this plan. We have not assessed whether this ISA is suitable for your financial needs and therefore you will not benefit from the protection of the Financial Conduct Authority (FCA) rules on assessing suitability. If you are in any doubt about the suitability of this product for yourself, you should contact your financial adviser.

Helping you decide

What is the purpose of this document?

The Financial Conduct Authority is a financial services regulator. It requires us, Scottish Friendly, to give you this important information to help you to decide whether our Bonus ISA 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 3-6 and on page 8.

What should I do now?

Please read:

- the Key Features of the Bonus ISA
- the Terms and Conditions on pages 9 to 17. These are the Terms and Conditions upon which we will rely. If you have any questions about these, please ask

Please keep both documents with your investment documentation which we will send you.

Key Features of the Bonus ISA

Its aims

- To help your investments grow tax-efficiently and provide a tax-free return.
- To provide steady, but potentially good growth on your investments over the medium to long term (5 years or more) via investment in our With-Profits fund.

Your investment

- You can invest up to £20,000 in the current tax year in this life insurance fund, less any amounts subscribed to a Cash ISA, Innovative Finance ISA and/or up to the £4,000 limit in a Lifetime ISA with another ISA manager and any amount you may have already invested in a Scottish Friendly Stocks and Shares ISA for this tax year.
- You can invest monthly by direct debit or you can make a lump sum payment by cheque. The minimum monthly payment is £20 and the minimum lump sum cheque is £500.
- Your money buys units in Scottish Friendly's ISA With-Profits fund, which aims to combine security with capital growth over the long term. The fund invests in a wide range of stocks and shares, property and fixed interest securities in order to achieve this aim. Your money is pooled together with other With-Profits fund investors giving a combined purchasing power that means your risk is spread across a wide portfolio of investments.
- You have access to your money at all times, although you should expect to leave your money invested for at least 5 years.

Risks

- The actual proceeds of your Bonus ISA will depend on the bonuses on the With-Profits fund to which your investment is linked.
- As the Bonus ISA is linked to a With-Profits fund, there may be occasions when Scottish Friendly needs to apply a deduction when you cash in some or all of your plan. This is called a Market Value Reduction (MVR). The MVR will not apply to any money withdrawn on the 10th anniversary from when you first started your Bonus ISA. MVRs are explained in more detail in the section headed 'What is a Market Value Reduction?'
- If you decide to exercise your right to cancel, you may not get back the full amount of your investment.
- If you're investing regularly for a particular purpose, you may not achieve your target if you do not keep up your payments.
- The tax treatment of your plan depends on your individual circumstances and tax law may change in the future. This may reduce the amount you get back or increase the amount of tax you pay.

Questions and answers

Who can apply?

You are eligible to apply if you are aged 18 or over and a UK resident.

Is this plan right for me?

The Bonus ISA is for investors wanting to invest monthly or by a lump sum for between 5 and 10 years or more in a plan that offers stockmarket growth potential and a degree of security. If you are in any doubt as to the suitability of this plan for your financial needs, you should contact a financial adviser.

What is an ISA?

ISA stands for Individual Savings Account. An ISA allows your savings or investment to grow tax-efficiently. Under the tax-efficient ISA umbrella you can currently invest in one or more of the following types:

- Cash ISA - allows you to save tax efficiently in cash (not offered by Scottish Friendly).
- Innovative Finance ISA – allows you to lend to others without paying tax on the interest you earn (not offered by Scottish Friendly).
- Lifetime ISA - enables you to invest with a Government Bonus of 25% of your investment but with penalties for access before the age of 60 or for other than buying your first house under £450,000 (not offered by Scottish Friendly).
- Stocks and Shares ISA – also known as an Investment ISA.

What are the tax advantages?

You pay no income tax or capital gains tax on your ISA. However, the fund in which you invest receives UK dividend income net of corporation tax. Tax rules may change in the future.

How much can I invest in an ISA?

You can invest up to £20,000 in the tax year 2023/2024 and there is no restriction on how much of this can be in a Cash ISA, Innovative Finance ISA, Lifetime ISA (of which up to £4,000 can be allocated) or Stocks & Shares ISA.

Is my Stocks & Shares ISA a flexible ISA?

Scottish Friendly does not offer a flexible ISA. A flexible ISA is one that enables you to reinvest any withdrawals you have made from your ISA in any tax year without it counting towards your total contributions in that tax year.

How can I pay?

You can make single payments from £500 by cheque or monthly payments from £20 by Direct Debit.

If you are investing a single payment, your application should be returned directly with your cheque. If you wish to invest monthly, complete and return the Direct Debit on the application form. Top-up contributions during the tax year should be made in writing by cheque.

Where will you invest my money and how does the plan work?

If you choose to invest in our Bonus ISA, your money buys units in the Scottish Friendly ISA With-Profits fund. You can read about how the fund works in the Principles and Practices of Financial Management (PPFM) found at:

Can I change my monthly investments?

Yes. You can increase, decrease or stop your payments at any time without penalty. Just let us know in writing if you wish to alter your monthly payment and we will do the rest.

What is a Market Value Reduction?

The Market Value Reduction (MVR) is a potential reduction to the encashment value of your plan. It is designed to ensure that you receive your fair share of the ISA With-Profits fund and that the value of your continuing investment is not adversely affected by other investors cashing in their units.

We may apply an MVR in certain circumstances, for example, where market values are low, however, we guarantee not to apply it in the

- If investments grew at 0.5% a year you would get back £6,840.
- If investments grew at 3.5% a year you would get back £7,830.
- If investments grew at 6.5% a year you would get back £8,990.

following circumstances:

- when you cash in part or all of your plan on the 10th anniversary from the date the plan started;
- on payment of the death benefit.

What happens to my Bonus ISA if I die?

The death benefit under your Bonus ISA will be paid to your estate. The amount payable on death is 101% of

the value of units held plus the value of any final bonus. The tax advantages of a Scottish Friendly ISA can be transferred to your Spouse or Civil Partner. This allowance is the value of a Scottish Friendly ISA at the date of your death, and is in addition to your Spouse

- If investments grew at 0.5% a year you would get back £913.
- If investments grew at 3.5% a year you would get back £1,220.
- If investments grew at 6.5% a year you would get back £1,630.

or Civil Partner's own ISA allowance.

What could my Bonus ISA investments be worth in the future?

The amount you will get back from your Bonus ISA will depend on how much you have paid in, the length of time it has been invested, investment performance in the ISA With-Profits fund over this time and the amount of money, if any, you have taken out of your plan.

The performance of your plan will ultimately depend on the level of bonuses added.

Examples

A. Regular monthly payments

If you invest a monthly payment of £50 for 10 years, the figures below show how much your investment would be worth, after charges, if it grows under three different scenarios:

B. Lump sum investment

If you invest a single payment of £1,000 for 10 years, the figures below show how much your investment would be worth, after charges, if it grows under three different scenarios:

For both the regular monthly payments and lump sum investment examples shown above, please note:

- These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you will get back depends on how your investment grows and the tax treatment of your investment. Tax treatment can change in the future.
- You could get back more or less than this.
- These yearly growth rates are our reasonable estimate of what our investment returns could be and includes allowance for the provision of your guaranteed minimum cash value but are subject to the maximum rate specified by the Financial Conduct Authority.
- Scottish Friendly's actual charges have been deducted in calculating the figures shown.
- Do not forget that inflation will reduce what you can buy with the value of your ISA in the future.

What documentation will I receive?

We will send you a statement confirming your investment. We will also send you a valuation of your ISA statement twice a year. Your ISA statement will show

the activity that has taken place since your previous statement and include the number of units you own.

How will charges and expenses affect my investment?

There is an initial charge of 4.0% on each investment.

A plan fee is charged on regular monthly payments by reducing the number of units held. This fee is currently £2.00 per month and will be reviewed each year to take account of inflation. The plan fee does not apply to lump sum investments.

Any expenses not covered by other

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	51	51	559
2	1,230	111	113	1,160
3	1,891	179	185	1,800
4	2,586	255	268	2,500
5	3,315	341	363	3,240
10	7,546	935	1,060	7,830

charges will be charged for by a reduction in the bonuses declared in the With-Profits fund and this reduction is assumed to be 1.0% a year of the value of the fund in the tables on page 6.

We have taken account of all these charges in the figures shown in these examples.

They could increase in the future if our costs increase more than expected.

A. Regular monthly payments

The effect of these charges on your monthly payment of £50, assuming an average rate of growth of 3.5% a year, is set out below.

The early years

The following example shows what you might receive if you cash in your Bonus ISA investment.

WARNING – if you cash in especially in the early years, you could get back less than you have paid in. The last two columns assume that investments will grow at 3.5% per year.

What are the deductions for?

The deductions include expenses, charges and any other reductions.

The last line in the table shows that if you withdraw your investment after 10 years, the effect of the total deductions could amount to £1,060.

Putting it another way, this would have the same effect as bringing the investment growth from 3.5% a year down to 2.1% a year.

B. Lump sum investment

The effect of these charges on your single payment of £1,000, assuming an average rate of growth of 3.5% a year, is set out below.

The early years

The following example shows what you might receive if you cash in your Bonus ISA investment.

WARNING – if you cash in especially in the early years, you could get back less than you have paid in. The last two columns assume that investments will grow at 3.5% per year.

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	1,000	49	51	983
2	1,000	59	63	1,000
3	1,000	70	75	1,030
4	1,000	80	88	1,050
5	1,000	91	102	1,080
10	1,000	150	184	1,220

What are the deductions for?

The deductions include expenses, charges and any other reductions.

The last line in the table shows that if you withdraw your investment after 10 years, the effect of the total deductions could amount to £184.

Putting it another way, this would have the same effect as bringing the investment growth from 3.5% a year down to 2.1% a year.

Further information

Unit prices

The unit price of the Scottish Friendly ISA With-Profits fund is increased daily in line with the current rate of regular bonus. You can check the current unit price by telephoning our Customer Services Team on 0333 323 5433 or on our website www.scottishfriendly.co.uk

Cancellation rights

We will notify you of the right to cancel your investment within 7 days of your investment and by law you will have 30 days in which to change your mind. To cancel you simply need to follow the instructions contained within your welcome pack. If you cancel within this time, you will receive back any money paid, less a reduction for any drop in value when your request to cancel is received by Scottish Friendly. Investors should be aware of the possibility that the value of their investments could fall, and that they may not receive a full refund of their investment.

Withdrawals

You may make a withdrawal by providing our Customer Services Department with signed confirmation of your instructions. The minimum withdrawal is £50. If the value remaining after a withdrawal is less than £300 then you will be considered to have terminated your Bonus ISA and the remaining value will be paid out to you. Withdrawals will be met by cancelling units in the ISA With-Profits fund at the next valuation point following receipt of your instructions. Payments will be made within 4 working days of your units being sold. Investors should be aware that an MVR may apply to any withdrawal unless money is withdrawn on the 10th anniversary from the start date.

Where you make a withdrawal in any tax year, your annual allowance will not be affected. This means if you reinvest a withdrawal in the same tax year, it will count as a new subscription in that tax year.

Transfer in

If you hold one or more ISAs with another account manager, you can transfer these to Scottish Friendly by asking for our ISA Transfer Application Form. Once you have filled in the details and returned the form to us, we will take care of the rest. To find out more contact us on 0333 323 5433. Scottish Friendly does not accept transfers into this ISA from a flexible ISA.

Transfer out

At your written request, we will transfer your investment to another ISA Manager without the loss of tax relief in line with current ISA rules. Transfer payments will be met by selling units in the fund at the next valuation point following receipt of completed written instructions from your new ISA Manager. We will then pay the proceeds to the new Manager within 4 working days. Your investment in a Bonus ISA can only be transferred to another manager's Stocks and Shares ISA.

Taxation

All income and capital gains generated within the Scottish Friendly ISA With-Profits fund are free of UK income tax and capital gains tax. Income allocations will be in the form of interest or dividend distributions. Interest distributions are received net of a 10% Income Tax credit. The fund in which you invest receives UK dividend income net of corporation tax. All references to taxation are to UK taxation and are issued on the basis of Scottish Friendly Asset Managers' understanding of current tax law and practice. The tax treatment of your investment depends on your individual

circumstances and the levels and basis of taxation may change in the future.

Money laundering regulations 2019

Under these regulations, there is a requirement to prove the identity of people who wish to take out a life, pension or investment contract. You may therefore be asked to supply documents as evidence of your identity and/or your address.

Solvency II Directive information

Under this directive, we are required to provide you with a Solvency and Financial Condition Report which you can access via our website www.scottishfriendly.co.uk/about-us/solvency-two

What happens if Scottish Friendly becomes insolvent?

If you buy a Scottish Friendly Bonus ISA 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 100% of the claim with no upper limit.

You can get further information from the Financial Services Compensation Scheme at: Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU. Tel 020 7892 7300. Website - www.fscs.org.uk

How to contact us

Here are our contact details if you have any queries or require any further information:

Scottish Friendly Asset Managers Limited, Galbraith 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.

If you would like to receive this Key Features document in large print or braille please contact us on the details shown above.

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: Exchange Tower, Harbour Exchange Square, London, E14 9SR. Tel: 0800 023 4567 (free from a UK landline) or 0300 123 9123. 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.

Website: www.financial-ombudsman.org.uk/

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 documents which is evidence of the legally binding contract between you and Scottish Friendly Asset Managers Limited.

The Bonus ISA Terms and Conditions

These Terms, together with the Application Form, form a legal agreement between you and Scottish Friendly Asset Managers Limited (the Account Manager) which sets out how your Individual Savings Account will be operated. These are the Terms and Conditions upon which we will rely. If you have any questions about these, please ask us.

1. Definitions

The following words and expressions, when used in these Terms, have the meanings set out opposite them:

Accounts or ISA – a Scottish Friendly Individual Savings Account governed by these Terms and which is a Stocks and Shares ISA;

Account investments – Shares, Units and any other investments held in an Account;

Account Manager or Scottish Friendly – Scottish Friendly Asset Managers Limited;

Application Form – a Scottish Friendly ISA application form or transfer application form;

Assets – investments, income, interest, cash deposits and any other rights and entitlement from time to time held within your Account;

Associate – any holding company of the Account Manager or a subsidiary of any such holding company (as defined in the Companies Act 1985);

Business day – any day except a Saturday, Sunday, a Bank Holiday in England and other days at the ACD's discretion;

Civil Partner – an Individual's partner in a civil partnership;

FCA – the Financial Conduct Authority;

ISA – an Individual Savings Account managed under the Regulations;

Lifetime ISA - a Lifetime Individual Savings Account managed under the Regulations;

Policyholder – the Investor in a With-Profits fund

as part of a Stocks and Shares ISA;

Regulations – the Individual Savings Account Regulations 1998, as from time to time amended and in force;

Society – Scottish Friendly Assurance Society Limited, the parent company of the Account Manager;

Spouse – an individual's partner in marriage;

Subscription – a payment, in sterling, to be applied to your Account from your own resources;

Terms – these Terms (as amended from time to time), together with the Application Form;

We, us and our – the Account Manager, Scottish Friendly Asset Managers Limited;

Year – a tax year beginning on 6 April in any calendar year and ending on 5 April in the following year;

You and your – an individual who has opened an Account under these Terms.

These Terms will be governed by and construed in accordance with Scottish law.


Reference to any statutory provision or regulation includes any modification or re-enactment.

Any headings and subheadings are not a legally binding part of these Terms.

Where appropriate, the words in the singular will include the plural, and the masculine will include the feminine.

2. Account Manager

- A.** Scottish Friendly Asset Managers Limited agrees to act as Account Manager for your Account. We do not review your portfolio and we do not give advice about your Account. We are regulated by FCA in the conduct of our investment business.
- B.** Our address is Scottish Friendly Asset Managers Limited, Galbraith House, 16 Blythswood Square, Glasgow, G2 4HJ.
- C.** We may assign to any appropriate Associate all of its benefits and obligations under these Terms. You will be notified of any such assignment.

-  **DIRECT DEBIT**
- D. We may appoint any person (with the authority of an Associate) to advise on or perform any of its functions or responsibilities under these Terms and may provide information about you and your Account to any such person. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under these Terms is competent to carry out those functions or responsibilities.
 - E. We may amend these Terms by writing to you. Any amendments will comply with the Regulations, principles and the rules of the FCA in particular the principles of Treating Customers Fairly. You will receive at least 3 months' notice of any change with an explanation of why the change is necessary and its potential impact on you. You will also be reminded of your right to transfer or end your policy before the change is implemented.

3. Application to open an Account

- A. An application to open an Account must be made in writing on an Application Form. Subject to the Regulations, your Account will be managed in accordance with your directions set out in your Application Form.
- B. These Terms will come into force when the policy document is issued and your first premium is successfully collected. On acceptance, each new Account will be designated by us as a Stocks and Shares ISA. You can only subscribe to one Stocks and Shares ISA in any one year. We reserve the right to reject any application.
- C. All payments into your ISA must be from your own funds, and we reserve the right to satisfy ourselves of this.
- D. You may invest one or more lump sums in your Account during the Year. In addition, or alternatively, when provided in the Application Form you may make regular contributions by Direct Debit under a monthly payment plan. You must submit with your Application Form a cheque for the full amount of your initial subscription

(in the case of a lump sum investment) and/or a Direct Debit Instruction to a bank or building society in your own name (in the case of regular contributions).

- E.** You will be sent an acknowledgement when you make a lump sum contribution or set up a monthly payment plan. This will be sent to you on the day following your application being accepted by us.
- F.** Your Application covers the current Year and each subsequent Year until we receive no subscription for one full Year.

4. Minimum subscription

A. Lump sums

The minimum initial investment is as specified in the Application Form. Additional lump sum contributions are subject to the minimum specified in the Application Form.

B. Monthly payment plans

The minimum monthly contribution is as specified in the Application Form, and we may terminate your payment plan by giving you one month's notice if the total amount invested during a Year is less than £300.

Monthly Direct Debits will normally be collected on the 6th of each month and invested by us on the next dealing day for contributions under investment plans. If your application and Direct Debit Instructions are received on or before the 24th of the month, your first monthly payment will be collected by Direct Debit on the 6th of the following month, otherwise it will be collected on the 6th of the month after next.

- C.** We reserve the right to reduce or waive the minimum subscription.

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.

5. Maximum subscription

You can invest up to £20,000 in any year and there is no restriction on how much of this can be in a Cash ISA, Innovative Finance ISA, Lifetime ISA or Stocks & Shares ISA.

6. Cancellation

In certain circumstances, you will have the right to cancel your Account within 30 days after receiving notice of your cancellation rights from us. To cancel, you simply need to follow the instructions contained within your welcome pack. If you exercise your right to cancel, any money paid to us will be repaid (subject to deduction of the amount, if any, by which the value of your Account Investments has fallen).

7. Investment objective

The investment objective of your Account will correspond to the qualifying investments specified in your Application Form.

8. Account investments

- A.** Your Account includes your Account Investments and any cash balances, all income and other rights, and the benefit of any tax relief in respect of such investments.

- B.** Your cash contributions and any other cash held under your Account will be deposited, pending investment. No interest will be paid on cash held pending investment. We do not accept liability for default by any bank which holds cash for your Account.
- C.** We will automatically reinvest all income in respect of Account Investments net of any tax liability.

9. Title

- A.** The Account Investments will be beneficially owned by you at all times.
- B.** We will not lend Account Investments or the title documents to a third party and will not borrow against the security of Account Investments or such documents.

10. Taxation

We will make all necessary claims for tax relief relating to your Account. The fund in which you pay interest receives UK dividend income net of corporation tax.

11. Statements

We will send you a statement every 6 months, showing the value of your ISA and details of all transactions in your Account since the previous statement. The statements will not include a measure of performance. We may produce a consolidated statement if you have more than one Account.

12. Withdrawals

- A.** You may withdraw some or all of your money by writing to us.
- B.** Unless otherwise permitted by us from time to time, the minimum withdrawal is £50, and the Account Investments remaining after a withdrawal must have a minimum value of £300 (failing which we may treat your request as an instruction to terminate your Account).
- C.** Withdrawals will be met by selling Account Investments at the next valuation point following receipt of your instructions. Unless you give us instructions with your withdrawal request, we will have discretion to choose

which Account Investments to sell.

- D.** The amount to be withdrawn will be paid to you within 4 business days following receipt of cleared funds resulting from the sales of Account Investments.
- E.** We may deduct from the withdrawal amount any sums due to it.
- F.** Where you make a withdrawal in any Year, your annual allowance will not be affected. This means if you reinvest a withdrawal in the same Year, it will count as a new Subscription in the Year.

13. Charges

- A.** Initial charge
An initial charge of 4% of your contribution applies to each investment in the Bonus ISA.
- B.** Management Fees Charges for the Bonus ISA investment are made by a reduction in the bonuses added, as described in Sections L.2 and L.3 below. In addition, there is a policy fee of £2.00 per month for regular payments.
- C.** We reserve the right to discount or waive any charges.
- D.** We may increase charges but only after giving you three months' written notice including an explanation of why the charges have been increased and the potential impact on your investment. You will also be reminded of your right to transfer or end your policy before the charge is applied.
- E.** We shall be entitled to deduct and retain all charges payable under these Terms and may apply any cash or sell any Account Investments to pay such charges or to pay any tax liabilities under your Account.

14. Termination

- A.** You may terminate your Account by writing to us, which will be effective on receipt but will not affect transactions already initiated.

- B.** We may terminate your Account by giving you one month's notice in writing. If it becomes impractical or impossible to comply with the Regulations, we may terminate your Account immediately, in which case you will be notified in writing.
- C.** When an Account is terminated, we will sell the Account Investments and pay you the proceeds together with any cash balance held in the Account. Interest will not be paid on any cash balance if you have given notice of termination since the last monthly interest payment date. We may deduct any charges or other amounts due to it, any tax liabilities under the Account, and any additional expenses incurred in terminating the Account.
- D.** Your Account ceases to be exempt from tax on your death and will terminate. On notification of death, we will sell the Account Investments and hold the proceeds on deposit in sterling (earning interest). We may make deductions as provided in paragraph C above. Upon receipt of the grant of probate or appropriate legal confirmation and a copy of the death certificate, we will transfer the cash balance of your Account to your personal representatives. These Terms are binding on your personal representatives. We may at our discretion accept or reject instructions received from your personal representatives.
- E.** On death the value of your ISA may transfer as an additional ISA subscription to your Spouse or Civil Partner. This additional ISA subscription can be used within 3 years of the date of your death or, if later, 180 days after the end of completion of the administration of your estate. It can be invested with Scottish Friendly or directly with another ISA provider. Should your Spouse or Civil Partner wish to subscribe to a Scottish Friendly ISA in using this one off subscription it must be made in cash or cash transfer and they should contact Scottish Friendly at the address provided.

15. Void Accounts

Your Account will be managed in accordance with the Regulations, which take precedence over these Terms. We will notify you if, as a result of any failure to comply with the Regulations, your Account is or becomes void. When an Account is voided, we will sell the Account Investments and pay you the proceeds together with any cash balance held in the Account. We may deduct any charges or other amounts due to us, any tax liabilities under the Account, and any additional expenses incurred in terminating the Account.

16. Transfer to new account manager

- A.** You may instruct us to transfer to another approved account manager, within such time as shall be agreed, either (i) the whole of your Account, or (ii) part of your Account ('a partial transfer'), subject to and in accordance with the Regulations. Only cash may be transferred, and we will convert Account Investments into cash after receiving your instructions. We may deduct from the transfer any sums due to it.
- B.** In the case of a partial transfer, that is a transfer of part of the realised Account Investments and cash held in an ISA or, where there is more than one ISA, all of the realised Account Investments and cash held under a particular ISA, the transfer shall not include any subscriptions to the Account during the Year of transfer nor the value of any gains or other proceeds relating to the investment of such subscriptions.
- C.** A partial transfer involving the transfer of part of the realised Account Investments and cash held in an ISA must represent all subscriptions to the ISA and any gains or other proceeds relating to the investment of such subscriptions for one or more complete Years.

- D. Also in the case of a partial transfer, the Account Investments remaining after the transfer must, unless otherwise permitted by the Manager, have a minimum value of £300 (failing which we may treat your instruction as an instruction to transfer the whole Account).

17. Information for the account manager

You must provide us with all information which we reasonably request for the purposes of the Account and, in particular, you must immediately inform us in writing of any change of tax status or other material change in circumstance.

18. Notices and instructions

- A. Notices and instructions to us should be in writing and signed by you. Notices and instructions sent by facsimile will be accepted.
- B. Notices and other documents to be given to you will be posted to your last registered address for your Account and will be considered received by you two days after posting.
- C. We are entitled to treat as valid instructions given by you or on your behalf even if that is not the case because of the wrongdoing of another person, unless that other person is an employee or agent of the Account Manager.

19. Liability

- A. You indemnify us against all liabilities incurred by us in connection with your Account, other than liabilities caused as a direct result of our negligence, knowing default, or breach of the rules of FCA or of these Terms.
- B. We are liable for our negligence, knowing default, and for any breach of the rules of FCA or of these Terms. We are not liable for any loss caused through a fall in value of Account Investments.

- C. We accept no responsibility for your Account until cleared funds are received, nor for any loss or delay caused in the payment of funds to us.
- D. For the purposes of this paragraph 19, references to you include your personal representatives, and references to the Account Manager includes its nominees.

20. Complaints

We have established procedures in accordance with FCA's requirements for the consideration of complaints. Details of those procedures and of your rights to compensation if we are unable to meet our liabilities to you are available from us on request. In addition, if your complaint is not dealt with to your satisfaction, you can write to the Financial Ombudsman Service; see page 8 for details. This will not affect your right to take legal action.

21. Compensation rights

If Scottish Friendly is unable to meet its liabilities, compensation may be payable by the Financial Services Compensation Scheme. The maximum level of compensation for claims against firms declared in default is 100% of the claim with no upper limit. Further information on the Scheme can be obtained from the Financial Services Compensation Scheme. Tel: 0800 678 1100 www.fscs.org.uk

Additional conditions for the Stocks and Shares ISA With-Profits Fund

The following additional policy conditions apply to any investment in the With-Profits fund as part of your ISA.

Additional Definitions

The following words and expressions, when used in these additional Terms, have the meanings set out beside them:

Final Bonus – an additional value which may be paid into the value of a Policy at the discretion of Scottish Friendly Assurance Society Limited.

Policy Schedule – Documentation issued by the Society detailing the individual characteristics of the Policy.

Regular Bonus – an additional value which may be paid by increasing the Unit Price of Units held in the Policy at the discretion of Scottish Friendly Assurance Society Limited.

Rules – the rules of the Society.

Units – the expression of value purchased and sold by Policyholders when they respectively invest premiums or redeem value from their Account.

Unit Price – the value given to an individual Unit and the price at which it may be bought or sold.

L.1 The Policy

- A. The Policy is a recurrent single premium unitised With-Profits whole of life assurance contract issued by Scottish Friendly Assurance Society Limited ('The Society') subject to these Policy Conditions.
- B. Whilst the Policy remains in force and subject to such conditions as the Society may from time to time determine, additional premiums of not less than such minimum amount as the Society shall from time to time determine may be paid by the Policyholder.

- C. The investment content of each additional premium will be specified by the Society and units will be allocated as in Condition L.5.

L.2 ISA With-Profits Fund

- A. The Society will maintain an ISA With-Profits fund for the purpose of determining the benefits payable under this and certain other policies.
- B. The ISA With-Profits fund will represent part of the Ordinary Assurance Fund of the Society and will be divided into Accumulation Units and such other units as the Society may from time to time determine. Within the ISA With-Profits fund, units of any particular type will be of equal value.
- C. The benefit under this policy will be specified in terms of Accumulation Units, which will be allocated to the Policy as described in Policy Condition 5. Such allocation will be made purely for the purposes of calculating the benefit and does not affect the ownership of the assets of the fund, which remain the absolute property of the Society.
- D. The investment of the fund will be at the discretion of the Society, which may reinsure the fund in whole or in part and may at its discretion introduce alternative funds from time to time to which benefits may be linked.
- E. No units will be created in the ISA With-Profits fund unless assets equivalent to such units are added at the same time to the fund. No assets will be withdrawn from the ISA With-Profits fund except for the purpose of meeting the charges described in Condition 3 or for the purpose of reinvestment, unless at the same time units equivalent to the assets withdrawn are cancelled.
- F. The income from the assets of the ISA With-Profits fund will be credited to that fund.

- G.** For the purposes of the Policy, the ISA With-Profits fund shall be eligible for regular and final bonus additions as declared by the Society for this particular fund.
- H.** The assets of the ISA With-Profits fund shall not be separately identifiable from the remainder of the assets of the long-term business of the Society.
- I.** The policy is eligible only as regards units of the ISA With-Profits fund allocated to it, to participate in the profits of the Ordinary Branch of the Society in accordance with the Rules from time to time of the Society.

L.3 Charges against ISA With-Profits Fund

The Society will be entitled to deduct from the ISA With-Profits fund at each valuation such amounts as shall be determined by the Society in respect of:

- A.** expenses, taxes, duties and other charges incurred in acquiring, managing, valuing and disposing of assets;
- B.** any tax due on the income from the assets of the fund and on capital gains in respect of the assets of the fund;
- C.** interest on any money borrowed for the account of the fund;
- D.** any expenses, taxes, duties and other charges incurred in connection with the fund and not previously taken into account;
- E.** an appropriate part of any tax, levy or other charge on the Society.

L.4 Unit Prices of ISA With-Profits Fund

- A.** The Unit Price of the ISA With-Profits fund was 214.30 pence at 1 April 2019 and is increased by way of regular bonus addition at such daily rate of interest (if any) as the Society shall determine in its absolute discretion and then rounded by not more than one tenth of a penny.

- B.** The Unit Price of the ISA With-Profits fund shall be the price at which the Society allocates units to the ISA Life Insurance policy and at which units shall be cancelled by the Society.
- C.** All rounding reductions to unit prices and any other reductions will accrue to the Society.
- D.** Units of the ISA With-Profits fund may be consolidated or subdivided at any time at the discretion of the Society.
- E.** Where units of the ISA With-Profits fund are cancelled, the value of the units so cancelled may be subject to increase by way of further bonus additions (i.e. Final Bonus) at the discretion of the Society of such amount as the Society shall determine.

L.5 Allocation and cancellation of units

- A.** The number of units initially attributed to this Policy has been calculated by reference to the Unit Price calculated on the day the initial investment was deemed to have been received by the Society. The Units attributed to this Policy on payment of an additional premium shall be increased by the number of units calculated by dividing the percentage of the investment allocated to Units (as determined by the Society) by the Unit Price calculated on the day the additional premium is deemed to have been received by the Society.
- B.** In the event of the subdivision of all units in the fund, there shall be allocated to the Policy a number of units which shall represent as a proportion of the total units in the fund following such subdivision the number of units in the fund attributed to the policy prior to such subdivision.
- C.** Units shall be cancelled at the Unit Price calculated at the next valuation point following receipt of the appropriate form at the Society's Head Office.

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www.scottishfriendly.co.uk

Authorised and regulated by the Financial
Conduct Authority. Details can be found on
the FCA register – Registration No. 188832.
Member of The Investment Association.

