

# **Unit-Linked Funds: Supporting Documents (including Sectors No Longer Offered)**

# Frequently Asked Questions



## 1. General

### 1.1 Why are you making this change?

We regularly review our funds to ensure that they are suitable for our customers. We have decided to refine our fund range to offer a wider, and easier to understand, selection. By choosing Schroders Investment Management Limited as our dedicated fund manager, we are better able to offer a comprehensive fund range and competitive pricing to you.

Schroders were chosen as our fund manager after a detailed review of available fund managers. They were selected for their experience, strong performance and competitive pricing. This means that for the vast majority of our customers, where we can, savings will be passed on to you.

From the date of your letter, you will be able to invest in the new range of funds.

The changes we are making to your investment(s) are in line with your policy Terms and Conditions.

### 1.2 Is my investment at risk as a result of the switch?

No. The switch from one Scottish Friendly unit-linked fund to the new Scottish Friendly unit-linked fund will follow a controlled process. Your investment(s) is not at risk as a result of this switch. Irrespective of the switch, stock market investments can go down as well as up in value, and you could get back less than you've invested.

### 1.3 Is my money invested throughout the switch period?

Yes, your money will predominately remain invested during the switch period. On the day of the switch, your investments) will be transferred from the existing unit-linked funds) to the new unit-linked fund(s). However, as the unit linked funds) invest in other funds from various asset managers, there may be a small difference, typically 2 hours, where the underlying assets are not invested due to the difference in these asset managers valuation points.

### 1.4 Am I charged any additional costs as a result of the switch?

There will be no explicit costs associated with the switch, however there will be transactions costs which are implicit within the unit price of the funds.

You will continue to pay Annual Management Charges (AMC) on your investment(s) and will be subject to Transaction Charges relating to any future purchases or sales of units, in line with your Terms and Conditions.

Your current fund(s) AMC and proposed fund(s) AMC are detailed in Appendix 1 of your letter.

### 1.5 Is there other information available that I can refer to?

There are Key Investor Documents and Product Guides available for Investment ISA and Junior ISA products. These can be found at the following address: <https://www.scottishfriendly.co.uk/isa-investments>

More details relating to this fund switch can also be found at our dedicated webpage. Please visit: [www.scottishfriendly.co.uk/our-new-funds](http://www.scottishfriendly.co.uk/our-new-funds)

### **1.6 Do I need to take any action if I want to proceed with the change proposed in the letter?**

If you are happy with the unit-linked fund that is being proposed, there is no further action required from your side, we will make the switch for you. Your existing unit-linked fund(s) will close, and your investment(s) will automatically move over to a newly established unit-linked fund from our new range.

### **1.7 Do I have other options if I don't want to proceed with the switch that Scottish Friendly has suggested?**

Yes, there are a number of alternative Scottish Friendly unit-linked funds available to you and the details of these are included in your letter. Alternatively, you can find further information on these in our website at the following address - [www.scottishfriendly.co.uk/our-new-funds](http://www.scottishfriendly.co.uk/our-new-funds)

If you do not wish to switch to the suggested unit-linked fund(s) then you are able to switch to any other available fund. You may wish to speak to a financial adviser before taking any action. To find a financial adviser in your area visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

### **1.8 Will I receive a letter to confirm the switch is taking place?**

Your annual statement following the switch will reflect your units held in the new unit-linked fund(s). It will also detail your previous holding and the unit-linked fund switch.

If, for any reason, the fund switches do not take place, we will write to you to inform you of this.

### **1.9 Will I be charged the same fees as a result of the switch?**

While you will still pay Annual Management Charges (AMC), for the vast majority of our customers, these charges will be less than what you are currently paying. You will still pay Transaction Charges for any buys, sells and switches made on your behalf.

### **1.10 What if I need additional switch forms?**

Should you require them, please contact us and we will be happy to send additional switch forms to you.

If you wish to switch to the fund(s) which we have advised align to your current fund choice(s) then there is no need to return your switch form(s). We will switch you to the advised fund(s) automatically.

### **1.11 Why have I received multiple letters regarding this switch?**

If you have more than one customer reference number, it is possible that you will receive multiple letters confirming this fund switch. This is because each customer reference number is linked to a different policy number(s), and we are issuing our communications based on customer reference number(s).

### **1.12 I am invested in a Property Fund, which is currently suspended from trading. Will I be able to cash in the new fund that is replacing the Property Fund once the switch has been done, or will this also be suspended?**

Suspended funds, including Property funds, will not be switched with other investments. However, as these funds continue to release monies from the sale of properties they will be returned, and we will continue to switch assets from the property to a money market as per your previous letter. Once the switch from the Property Fund has been completed, you will be invested in a Money Market Fund. As this fund is not suspended, you will be able to cash in your investment(s) if you wish to. You may want to speak to a financial adviser before taking any action. To find a financial adviser in your area visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

### **1.13 Will there be a new fund manager?**

Yes, while the unit-linked funds will remain under the management of Scottish Friendly, Schrodgers Investment Management Limited will be the new fund manager for the majority of the underlying investment(s). Blackrock is the fund manager for the UK Equity Tracker funds.



# Frequently Asked Questions



## 1. General

### **1.14 I wish to defer taking my pension benefits until a later date and wish to switch into a low risk fund. Which of the available new funds would be considered “low risk”?**

We offer 3 lower risk funds which have a risk rating of 2 or lower. This rates the potential losses from future performance at a very low level and poor market conditions are very unlikely to impact our capacity to pay you.

These are the UK Government Bond Fund, the Mixed Asset: Defensive Fund and the Money Market fund (not available to JISA customers).

### **1.15 Will I still receive a Bonus if I am invested in a Bonus fund?**

Yes. The With-Profits funds are not included in this switch process and, as such, they will continue to be eligible for Bonus payments on the same basis as they were previously.

### **1.16 I also hold investment(s) originally sold through MGM Assurance Limited, what will happen to those?**

Customers who hold investment(s) in the Flexible Income Annuity product will see their fund(s) change as part of these unit-linked fund switches.

All other ex-MGM unit-linked funds are not included in this series of changes. It is expected that they will follow at a later date.

### **1.17 Will the value of my investment(s) remain the same?**

Yes, the value of your investment(s) will remain the same. On the day of switching from your current unit-linked fund to the new unit-linked fund, the value of your investment(s) will be switched and remain the same, however, the number of units you receive in the new unit-linked fund may be different due to your new fund(s) having different prices from your current fund(s).

### **1.18 What will happen to my premiums?**

Scottish Friendly will continue to collect your monthly premiums during the switch period. Your premiums will be invested in your current unit-linked fund(s) until the switch has taken place. Your premiums will then be applied to your new unit-linked fund(s). If you choose to switch to a new unit-linked fund(s), your monthly premium following the switch will be applied to your newly selected fund(s).

### **1.19 Why can't I switch to an existing fund(s)?**

Scottish Friendly will no longer be offering the existing fund range once we have moved your investment(s) to Schroders Investment Management Limited. To prepare for this, we are unable to switch between the existing unit-linked funds and can only accept switches to the newly created unit-linked fund(s). You can continue to hold your existing fund(s) as they are now, and we will make the switch for you in the future. If you wish to, you can also hold a mixture of existing unit-linked fund(s) and new unit-linked fund(s) however you cannot switch between the existing unit-linked fund(s).

\*Lines are open Monday to Friday 8.30am to 5.30pm. Calls cost no more than calls to landlines 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 billed separately.

### **1.20 Why can't I invest in the Money Market Fund? (JISA customers only)**

Unfortunately, the Money Market fund is not available to our JISA customers as we do not believe that a cash fund is a suitable long term investment strategy which could span up to 18 years.

### **1.21 What do I do if I need help?**

We have a dedicated webpage related to the fund switches detailed in your letter. Please visit: [www.scottishfriendly.co.uk/our-new-funds](http://www.scottishfriendly.co.uk/our-new-funds)

If you require assistance, please contact the Scottish Friendly customer services team on 0141 483 5954 (UK)\* or +44 141 483 5954 (International). Scottish Friendly is not able to provide financial advice however you will be able to find a financial adviser in your area by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk)

If you require your letter in a different format, such as larger print, braille or an audio format, please contact us.

Additional help and support can be found on our website at: <https://www.scottishfriendly.co.uk/help-support/support-hub/accessibility/sight-or-hearing-loss>

## **2. My Plans Customers**

### **2.1 I manage my investment(s) through My Plans on the website or app, can I make a switch there?**

Yes, if you currently use My Plans to manage your investment(s), you will be able to use My Plans to make a switch to the newly available unit-linked fund options.

My Plans customers can log in at the following address:

<https://myplans.scottishfriendly.co.uk/my-plans/public/login>

### **2.2 In My Plans, I can see my current unit-linked fund(s), but I cannot increase the percentage split of my investment(s). Why?**

As Scottish Friendly will no longer be offering your current fund(s), you cannot increase your holding in these funds. You can, if you choose to, decrease your holding in these fund(s) and invest the difference in one of the newly offered fund(s).

### **2.3 Why is the Past Performance tool no longer available on the My Plans App?**

As we are moving to newly created funds from a different fund provider, it is no longer possible to provide past performance data. Once a sufficient time period has elapsed, we will reinstate the past performance tool. This time period, typically one year, is to allow us to sufficiently track price fluctuations within the fund and provide accurate past performance information.

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## 3. Product Specific

### Unit-Linked Life Policies (Endowments of Life and Investment Bonds)

#### 3.1 Will my policy remain invested in the same fund(s) after the switch?

No. After the switch your existing policy(s) will be invested in a new Scottish Friendly fund(s). The new fund(s) proposed are similar to your existing fund(s), being invested in the same or similar underlying asset(s) in which you were previously invested, with similar risk levels and investment strategy(s).

#### 3.2 If I have further questions what do I do?

You can also contact us by completing the 'Contact Us' form on our website (<https://www.scottishfriendly.co.uk/contact-us>).

Alternatively, if you wish, you can contact the Scottish Friendly customer services team on 0141 483 5954 (UK)\* or +44 141 483 5954 (International)

We would strongly recommend that you speak to a financial adviser before taking any action to cash in your policy. To find a financial adviser in your area visit [www.unbiased.co.uk](http://www.unbiased.co.uk).

#### 3.3 Will my units stay the same after the switch?

No. After switching, the units held in your previous Scottish Friendly fund(s) will be replaced with units in an equivalent new Scottish Friendly fund(s). The total value of the investment(s) will remain the same, subject to stock market fluctuations on the day of the switch, however, the number of units held will be different, as the new fund(s) may have a different unit value.

You should be aware that any fees or charges, which would regularly be applied to your investment(s) and paid for by selling units, such as management charges, will continue to be processed in the same way as before the switch.

#### 3.4 Which funds will be available to me to invest in after the switch?

Details of the new Scottish Friendly unit-linked funds are included in this booklet and are available on our website at the following address: [www.scottishfriendly.co.uk/our-new-funds](http://www.scottishfriendly.co.uk/our-new-funds).

#### 3.5 Can I cash in my policy?

These switches do not impact your right to cash in your policy if you had the right previously, as per the policy Terms and Conditions. If you feel you no longer need your policy, you can cash it in. If you wish to do this, you can contact the Scottish Friendly customer services team on 0141 483 5954 (UK)\* or +44 141 483 5954 (International). We would strongly recommend that you speak to a financial adviser before taking any action to cash in your policy. To find a financial adviser in your area visit [www.unbiased.co.uk](http://www.unbiased.co.uk).

#### 3.6 Can I still withdraw funds from my policy?

These switches do not impact your right to cash in your policy if you had the right previously, as per the policy Terms and Conditions. There are no changes to your policy's Terms and Conditions, so if your policy allows withdrawals you will continue to be allowed to make them.

#### 3.7 Will I still receive an annual chargeable event certificate for my investment bond?

Yes. Scottish Friendly will continue to provide you with an annual chargeable event certificate.

### **3.8 Will my policy's premium and benefits continue to increase each year?**

This switch will have no change to your policy's Terms and Conditions and the premiums invested will continue as they previously were. Irrespective of the switch, stock market investments can go down as well as up in value and you could get back less than you've invested.

### **3.9 Will I still be able to increase or decrease my premium?**

Yes. No changes will be made to your policy's Terms and Conditions, so if you were able to vary premiums before the switch you will still be able to do so.

### **3.10 Where can I find fund prices?**

Fund prices will be published on our website, these can be found at the following address:  
<https://www.scottishfriendly.co.uk/help-support/investment-information/fund-prices>

## **4. Unit-Linked Pension Policies**

### **4.1 My pension policy has guaranteed annuity rates. Will these still be honoured?**

Yes. No changes will be made to your policy's Terms and Conditions.

### **4.2 Can I transfer my pension to a new provider?**

Yes. No changes will be made to your policy's Terms and Conditions. If you wish to do this, you can contact the Scottish Friendly customer services team on 0141 483 5954 (UK)\* or +44 141 483 5954 (International). We would strongly recommend that you speak to a financial adviser before taking any action to cash in your policy. To find a financial adviser in your area visit [www.unbiased.co.uk](http://www.unbiased.co.uk)

### **4.3 Will I still be able to access my pension pot from age 55?**

Yes, subject to there being no future regulatory changes to the current minimum retirement age.

### **4.4 Can I still use Canada Life to provide a pension annuity?**

Yes. If you still would like Scottish Friendly to organise an annuity, we can still arrange this through Canada Life. However, you can also take an open market option, meaning you can choose an annuity from any provider in the market.

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## 5. Protection Policies

### **5.1 I have a protection policy that provides me with life cover and/or permanent health insurance. Will there be any changes to my policy?**

There will be no change made to your policy's Terms and Conditions or your protection features. As we are making changes to our investment fund range, your policy will now be switched to a new investment fund.

### **5.2 The terms of my policy provide for the level of life cover to increase or decrease at regular intervals or as set out in the policy schedule. Does this continue?**

The fund switch will have no change to your policy's Terms and Conditions or the level of life cover.

### **5.3 I am receiving regular income protection payments due to ill health. Will this continue?**

Yes. The switch will not have any effect on the income protection provided by your policy.

### **5.4 I am not paying my premiums as I am using the waiver of premium benefits due to ill health. Will this continue to be the case?**

Yes. The switch will not have any effect on the waiver of premium benefit provided by your policy.

### **5.5 Can I still use my policy's conversion option after the switch?**

Yes, you are still entitled to use all the rights and options you had before the switch, including any right for a new policy to be issued under a conversion option.

## 6. Pension Annuity & Life Annuity Policies

### **6.1 Will you continue to send me my P60 (pension annuity) or tax voucher (life annuity)?**

Yes, Scottish Friendly will be responsible for sending your P60 or tax voucher.

### **6.2 I have a Flexible Income Annuity (FIA), what fund(s) will I be able to invest in?**

If you have a FIA policy, you will only be able to invest in Money Market Pension Fund, Mixed Asset: Flexible Pension Fund, Mixed Asset: Defensive Pension Fund, Mixed Asset: Balanced Pension Fund or Mixed Asset: Moderately Adventurous Pension Fund.

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# Glossary of Terms for FAQ

## 1. Definitions

**Unit linked Fund-** A Unit Linked Fund is an investment fund divided into equal units. The value of these units depends on the underlying investments, such as shares, bonds, property, and cash. When you invest, you buy units which represents the value of the investment it holds.

**Underlying Fund -** An underlying fund is the fund in which the Scottish Friendly fund invests into to enable you to have exposure to the underlying investments such as shares, bonds, property and cash.

**Annual Management Charge (AMC) -**

This is the percentage charge which you will pay Scottish Friendly yearly for managing your investment eg your AMC rate is 1.2% and you have £1,000 invested – your Annual Management Charge will be £12.

**Sector -** This is a term used to group funds which have similar objectives and exposures. For instance funds which invest in UK Equities will be in the same sector whereas funds which invest in continental Europe will be a different sector.

**Objective -** The objective of a fund is a description in words on how the fund will invest. It will inform you of the types of exposures you will have, for instance for a UK Equity fund it would confirm that it invests in shares of companies which are based in the UK and are available for purchase on the UK Stockmark.

**Transaction Costs -** There is a cost when buying or selling funds, which is similar to when you buy and sell currency when you go on holiday. You may notice that there 2 exchange rates when buying or selling currency when going on holiday, the difference between these is known as the transaction cost. This cost is already included in the daily unit price of a fund and is expressed as a percentage of the cash value of your trade. For example, you sell 100 units priced at £1 per unit. This means that your sale has a value of £100. If your transaction charge is 7.5% then cost would have been £7.50 for the sale.

**Investment Manager -** Is a company who decide what shares, bonds property a fund purchases.