

# Product Guide

## Scottish Bond Maturity Options

### Your options

If you want to keep your Scottish Bond active by investing in Scottish Bond Plus, read Option 2 in this leaflet (pages 2-8): Product Guide for Scottish Bond Plus.

If you want to cash in your maturing Scottish Bond and open a My Choice ISA, read Option 3 in this leaflet (pages 9-20): Product Guide for My Choice ISA.

**No advice has been provided by Scottish Friendly in relation to these products. If you are in any doubt as to whether these products are 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](http://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 Conduct Authority is a financial services regulator. It requires us, Scottish Friendly, to give you this important information to help you to decide whether Scottish Bond Plus 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 to 8.

### What should I do now?

- Please read the Product Guide of the Scottish Bond Plus
- Please keep this document with your policy document which we will send you.

The Terms and Conditions in this document, together with the Application Form, form our standard client agreement upon which we intend to rely. For your own benefit and protection you should read these terms carefully before completing the application form. If you do not understand any point, please ask for further information.

## Product Guide of the Scottish Bond Plus

### Its aims

- To enable you to continue to take advantage of your friendly society tax-free savings allowance.
- To provide you with a tax-efficient investment and a tax-free return whenever you decide to cash in your Scottish Bond Plus (in 10 years time at the latest). This means any growth will be free of income and capital gains tax and at the end of 10 years, your payout is free of tax.
- To provide a tax-free cash lump sum for your dependants in the event of your death whilst you continue to hold your Scottish Bond Plus. This tax-free lump sum may be subject to inheritance tax.

### Your commitment

- You agree to continue to pay your chosen level of premium for a maximum of a further 10 years although you can cash in before this without penalty.

### Risks

- Future bonus rates will depend on you continuing to pay your premiums and investment performance.
- Any guaranteed minimum increases you receive will only be guaranteed to be paid in 12 months' time. Future increases are not guaranteed until declared by Scottish Friendly.
- Our deductions may turn out to be higher than expected.
- The tax treatment of your policy 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 & Answers

### Who should consider this bond?

You should consider this bond if you want to keep your Scottish Bond maturity amount invested and to continue your existing Scottish Bond premiums. You must be 64 or under to take up this option and your existing Scottish Bond premiums must be a minimum of £15 a month (or £180 a year). In continuing your Scottish Bond with Scottish Bond Plus, you must not exceed your total friendly society tax-free savings allowance. Life cover is also included and you should consider if this is appropriate for your financial needs.

### What is Scottish Bond Plus?

Scottish Bond Plus is a change to your original 10 year tax-free with profits plan to allow you to invest for a maximum of a further 10 years whilst enabling you to cash in your plan without penalty at any time before the end of your new term.

This means that your Scottish Bond Plus will continue to grow tax efficiently and your final lump sum payment will be free of tax.

Anyone who currently holds a Scottish Bond and is aged 64 or under can change their policy to Scottish Bond Plus provided we receive the instructions before the end of the original 10 year term.

As a condition of the tax benefits, life cover is also included.

### How does it work?

You inform Scottish Friendly that you wish to alter your Scottish Bond to Scottish Bond Plus by signing option 2 on the enclosed form.

Your Scottish Bond Plus comes into force when your policy endorsement document is issued by Scottish Friendly and the first premium following the change is successfully collected.

You can cash in your Scottish Bond Plus at any time, free of charge or penalty. Your final cash in value will be made up of a minimum cash in value (which will be enhanced each year by an annual continuation increase) and a final potential cash in bonus. Each of these is explained in more detail overleaf.

### What is the Unitised With-Profits Fund?

Our Unitised With-Profits Fund is a mixed managed fund from Scottish Friendly where premiums are pooled with those of other clients and returns are linked to the performance of the underlying assets within the fund. Additionally returns are smoothed to reduce some of the ups and downs of the investment market.

### Your minimum cash in value

You'll continue to make your regular contributions to your Scottish Bond Plus and you'll be provided with a minimum cash in value of at least the amount you would have received as a tax-free lump sum from your original Scottish Bond policy. This minimum cash in value will be the minimum amount you will receive when you cash in your Scottish Bond Plus.

### Your annual continuation increase

At the start of your Scottish Bond Plus, Scottish Friendly will declare a minimum annual continuation increase, which will apply to your plan in 12 months' time. You'll be able to find out your personal minimum annual continuation increase on your enclosed Policy Schedule.

In 12 months' time Scottish Friendly will declare the actual increase which will apply to your Scottish Bond Plus. The level of this annual increase will be at least equal to the minimum level quoted in your Policy Schedule and could be higher depending on the profits made by Scottish Friendly and how they are allocated amongst members.

When applied, this will increase your minimum cash in value and you'll be notified in writing how much your new minimum cash in value is. Once applied, this increase is locked in and cannot be taken away, no matter when you cash in your plan.

Your annual continuation increase will be calculated each year. It will be based on the continuing contributions you have made and the profits that Scottish Friendly makes and then decides to lock in on your behalf.

## What are my guarantees?

All policies offer an initial guaranteed cash sum that is payable on death or the end date of your policy (typically ten years) provided all premiums have been paid.

## Your potential cash in bonus

Over the next 10 years whenever you decide to cash in your Scottish Bond Plus you can do so without penalty and will receive at least the current value of your guaranteed cash sum (which will include any locked in bonuses to date). In addition you may also receive a final cash in bonus which will be based on the overall profitability of your plan from the date of your change to Scottish Bond Plus to your cash in date. You may cash in at any time. Applications to cash in should be made in writing to Scottish Friendly at the address on the back cover.

## How are regular bonuses determined?

Regular bonuses are normally set once a year although in extreme circumstances they may be changed more frequently.

The amount of regular bonus is set at a level that takes account of the investments within the fund and the projected final payout on policies. The level is set with the intention of allowing Scottish Friendly to pay a final bonus.

In addition, Scottish Friendly aims to ensure that the bonus level should not change dramatically from year to year.

In severe market circumstances, such as a significant and prolonged fall in the stock market and/or interest rates, the regular bonus rate could fall to zero.

Every year you will receive a statement that will provide you with details of any bonuses that have been added to your policy.

## How are final bonuses determined?

A final bonus may be paid on your policy end date (or on death) and is paid on the guaranteed sum assured plus any regular bonuses.

The actual final bonus (if any) will depend on the performance of the Unitised With-Profits Fund. The final bonus could make up a significant part of the total payment although where the performance has been poor there may be no scope to pay a final bonus.

Additionally, all bonuses are subject to smoothing and this is explained below.

## What is smoothing?

Scottish Friendly's Unitised With-Profits Fund is designed to smooth out some of the day-to-day risks associated with policies such as yours.

The effect of smoothing is to:

- reduce the differences in payouts between policies claiming at roughly the same time
- reduce the differences in payouts over time.

Smoothing works by the fund holding back a small amount of profit when returns are exceptionally strong and distributing a similar small amount when fund returns are poor.

Whilst smoothing can help to protect customers from short-term fluctuations in returns, it cannot protect against long-term and sustained falls in stock markets and/ or interest rates.

## How are business risks managed?

The fund is managed to maximise growth whilst limiting risk to an acceptable level, as well as meeting all legal and regulatory requirements. The risks the fund is exposed to include new business costs, administration costs, other business ventures and supporting guaranteed benefits for specific policyholders, should the assets set aside become unable to support it.

Every year the Board will report to members confirming that the fund has been managed in accordance with its principles and practices, noting any discretion exercised under advice from the fund's With-Profits Actuary.

### How much can I invest?

Regular premiums can be paid either monthly or annually and must remain equal to the level you paid into your Scottish Bond.

### How is my money invested?

Normally between 20% and 70% of the assets backing your policy will be invested in shares and property with the rest in cash, government and corporate bonds. The value of the underlying assets within Unitised With-Profits Fund is closely monitored against the amount required to pay guaranteed benefits. If the amount should fall close to the minimum value, the proportion of assets held in shares and property could be significantly reduced.

The investment strategy is reviewed at least once a year and the investment outlook and performance monitored at least quarterly. The fund will be managed according to the full Principles and Practices of Financial Management available via our website or on request. You will be notified at least 3 months in advance of any changes to principles governing the fund.

Investment performance is reflected in your plan through the addition of tax-free bonuses. Our policy is one of fairness to all policyholders and of paying bonuses which reflect our performance in terms of investment returns, mortality experience and costs. Once a bonus has been added, it cannot be taken away.

Scottish Friendly will always hold more assets than it needs to deliver the benefits promised to members. These support assets are also used to provide additional security and fund policy smoothing.

### What if I die during the life of the bond?

In the event of your death, Scottish Friendly will pay out the full value of our guaranteed cash sum plus any bonuses that have been added which may include a final bonus. If you should die during the life of the bond, your estate, which may be liable to inheritance tax, will receive a tax-free cash payout equal to at least £2,700, if you pay £15 per month or £180 a year, £3,600 if you pay £20 per month, £3,375 if you pay £225 a year, £4,050 if you pay £270 a year and £4,500 if you pay £25 per month.

If the final cash in value of your Scottish Bond Plus was higher than the amounts set out above then your estate would, of course, receive the full cash in value. If the cash sum payable on death forms part of your estate, inheritance tax might have to be paid on it.

### What happens if I stop paying the premiums?

You will be notified that the life cover will cease.

If you stop paying premiums then your guaranteed cash sum (inclusive of any bonuses locked in to date) will be frozen and you will not receive any further annual continuation increases. You may be entitled to a final cash in bonus whenever you decide to cash in your plan however this is likely to be small.

If you decide to stop paying premiums, you should remember that you can cash in your plan at any time without penalty.

If you choose to cash in your policy before the end date then the guaranteed cash sum (and any bonuses added) will no longer apply and the cash value of your policy will not be subject to smoothing. Please see page 4 for further details on smoothing.

### What might I get back after a further 10 years?

The following example shows what a Scottish Bond customer who has invested £25 a month over 10 years and whose policy has a value of £5,603 could get back by continuing their policy for a further 10 years with Scottish Bond Plus.

**Investor** – aged 45 next birthday

**Original policy term** – 10 years

**Additional policy term** – 10 years

**Total policy term** – 20 years

**Monthly premium** – £25 (total invested over 20 years £6,000)

**Guaranteed minimum payout on death benefit** – £5,603

If investments grew at 2.0% per year, you would get back £9,520 in year 20.

If investments grew at 5.0% per year, you would get back £12,200 in year 20.

If investments grew at 8.0% per year, you would get back £15,800 in year 20.

- 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 and on the tax treatment of your investment.
- You could get back more or less than this.
- These yearly growth rates are our reasonable estimate of what the investments returns could be. They are less than the maximum rates specified by the Financial Conduct Authority.
- All the figures include the deduction of the actual charges, which can change in the future, assumed on the plan.
- Do not forget that inflation will reduce what you can buy with the value of your Scottish Bond Plus in the future.
- Remember that you can cash in the Scottish Bond Plus at any time without penalty and that your cash in value will therefore be different from the figures shown. Please see ‘Potential future cash in values’ below for more details.

### Potential future cash in values

The illustration below is based on a Scottish Bond investor who had paid in £25 per month over 10 years and had a policy value of £5,603 immediately before the change to the Scottish Bond Plus. The investor is currently aged 45 next birthday and continuing to make payments of £25 per month over the next 10 years.

**WARNING:** It is possible to get back less than you have paid in depending on when you cash in and the market conditions at the time. The table below assumes that the investments will grow from year 10 at 5.0% a year.

At end of year	10 year policy value plus total paid in since then	Total actual deductions to date	Effect of deductions to date	What you might get back
	£	£	£	£
10	5,603	0	0	5,603
11	5,903	39	39	6,150
12	6,203	82	84	6,720
13	6,503	129	135	7,320
14	6,803	180	193	7,940
15	7,103	235	258	8,590
16	7,403	295	331	9,270
17	7,703	360	412	9,970
18	8,003	429	502	10,700
19	8,303	503	601	11,400
20	8,603	583	711	12,200

### What are the deductions for?

- The deductions include the cost of changing the policy, expenses, life cover, any surrender penalties and any other adjustments.
- The last line in the table shows that, were the investor to stay for the full extra 10 years, the effect of the total deductions could amount to £711.
- 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 5.0% to 4.3% a year over the full term from year 10 to year 20.
- The deductions shown in this guide are best estimates and are based on current experience. They could vary in the future.

### What are the charges for?

The Scottish Bond Plus remains a traditional with-profits plan. This means it doesn't have any explicit policy charges such as a percentage deduction from your investment. Instead, we recover the costs of setting up and servicing the plan implicitly via declared bonuses. In other words, the bonus rates we declare have been reduced slightly to allow for recovery of our costs.

### Who looks after my money?

Scottish Friendly manages the Unitised With-Profits Fund. You can read the Key Information Document enclosed and find out more information about this fund.

### Cancellation rights

After your endorsement to your policy is accepted, you will receive notice of your right to cancel the change on your policy. By law, you then have 30 days in which to change your mind. To cancel, you simply need to follow the instructions contained within your Scottish Bond Plus completion pack. If you cancel within this time, you will receive back the full value of your Scottish Bond had you not changed to Scottish Bond Plus. If you do not cancel, your plan will continue as described in this document.

### Solvency II Directive information

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

### What happens if Scottish Friendly becomes insolvent?

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 at Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU. Tel: 0800 678 1100\*\*. [www.fscs.org.uk](http://www.fscs.org.uk)

### What about tax?

Your payments are invested in the Scottish Friendly Unitised With-Profits Fund which does not pay income or corporation tax on any gains (other than tax on dividends from UK shares). When your bond comes to an end, your payout is normally free of income and capital gains tax.

All references to taxation are to UK taxation and are issued on the basis of Scottish Friendly Assurance Societies understanding of current tax law and practice.

Tax treatment depends on your individual circumstances and tax law may change in the future.

### 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\*.

Alternatively you can use our 'Contact Us' form which can be found at:  
[www.scottishfriendly.co.uk/contact-us/contact-us-form](http://www.scottishfriendly.co.uk/contact-us/contact-us-form).

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

\*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.

\*\*Free from a UK landline.

## 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, Exchange Tower, Harbour Exchange Square, London, E14 9SR. Tel: 0800 023 4567\*\* or 0300 123 9123\*

Website: <http://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. Further details are contained in the policy document which is evidence of the legally binding contract between you and Scottish Friendly Assurance Society Limited.

### Scottish Friendly

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 found at the end of this booklet. Scottish Friendly's total assets are over £4.2 billion (as at 01/05/2025).

### Rules of Scottish Friendly

You can ask Scottish Friendly for a copy of the Rules of Scottish Friendly.

# Product Guide and Terms & Conditions of the My Choice or My Select policy within your Scottish Friendly ISA

This Product Guide applies to customers investing in a My Choice (ISA) or My Select (ISA).

It also applies to customers choosing a:

- My Easy Choice (ISA)
- My Climate Leaders Choice (ISA)
- My Style Choice (ISA)
- My UK Tracker Choice (ISA)
- My Fund Select (ISA)
- My Climate Leaders Select (ISA)
- My Style Select (ISA)
- My Moneybuilder Select (ISA)
- My UK Tracker Select (ISA)

These options offer an initial choice of one or two funds to get started but where you have access to all the other funds available anytime thereafter, and which can be found in this guide.

This Product Guide applies to the tax year 2026/2027.

If you already hold a Scottish Friendly ISA within the current tax year, this Product Guide refers to the My Choice or My Select policy which will sit within your existing Scottish Friendly ISA.

If you do not already hold a Scottish Friendly ISA within the current tax year, this Product Guide refers to the set up of a Scottish Friendly ISA within which your My Choice or My Select policy will be held.

The Terms & Conditions in this document form the basis of the agreement with you upon which we intend to rely. If you have any questions about these, please contact us.

**No advice has been given by Scottish Friendly in respect of this ISA or policy. We have not assessed whether this ISA or the policy 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 decide whether the My Choice or My Select policy within your Scottish Friendly 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 page 12.

### What should I do now?

Please read the:

- Product Guide of the My Choice or My Select policy within your Scottish Friendly ISA
- Terms & Conditions

The Terms & Conditions in this document, together with the Application Form, form our standard client agreement upon which we intend to rely. For your own benefit and protection you should read these terms carefully before completing the Application Form. If you do not understand any point, please ask for further information.

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## Product Guide of the My Choice or My Select policy within your Scottish Friendly ISA

### Its aims:

- To help your investments grow tax-efficiently and provide a tax-free return.
- To enable you to make use of your ISA allowance of up to £20,000 in any tax year.
- To provide potential growth on your investments over the medium to long term (5 years or more) through an investment fund or a choice of investment funds.

### Your investment:

- You can invest as much as you want provided your total investments in any tax year (with your Scottish Friendly ISA and/or a Stocks & Shares ISA, Cash ISA, Innovative Finance ISA or Lifetime ISA with another ISA manager) do not exceed £20,000.
- You can invest monthly by Direct Debit or you can make a lump sum payment by single Direct Debit. The minimum monthly payment is £20 and the minimum lump sum is £100. If you're an existing customer with access to our My Plans app, you can also use debit card to top up your existing policies.
- You can stop, restart, increase or decrease contributions whenever you like.
- Your money will be invested in a My Choice or My Select policy, which will be held within your Scottish Friendly ISA. Your money will be invested in the fund or funds specified in your policy schedule and may change at your discretion over time. Full details of the funds available to you are included in this document.
- You have access to your money at all times, although you should expect to leave your money invested for at least 5 years.
- If you wish, you can arrange for your payments to automatically increase by 2.5%, 5% or 10% each year. You can stop, increase or reduce the rate of increase at any time.
- There is no limit on the number of policies you can take out within your Scottish Friendly ISA provided you do not exceed your annual ISA investment allowance of £20,000.

### Risks:

- The actual cash-in value of your My Choice or My Select policy within a Scottish Friendly ISA will depend on the expenses and performance of the fund(s) selected.
- The value of your investment in the My Choice or My Select policy can go down as well as up and therefore you could get back less than you have invested.
- There will be risks associated with your specific fund(s) and therefore you should carefully consider each of these. You can find out more about the specific risks of each fund in this document on page 13 under 'Risk Levels'.
- You have the right to cancel your ISA within 30 days of taking it out. If you exercise this right, you will receive all of your investment back, regardless of any market movements during this period and your investment will not be treated as having been paid into an ISA. After 30 days, you will no longer have the right to cancel your ISA so you will have to cash it in and you will receive the market value of your investment, which may be more or less than the amount initially invested and your annual ISA subscription limit will be reduced by the amount you initially invested. If you take out any future new policies within your ISA, the same cancellation rights apply to each of them.
- The tax treatment of your policy 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.
- **My Select (ISA) only:** Where the policy has been set up 5 years ago or less, a £50 charge will be deducted from the plan if any of the following apply:
  - the policy is transferred to another ISA Manager
  - you request a withdrawal which would leave a value of less than £50 in the policy,
  - you request a closure of the policy.

## Questions & answers

### Who can apply?

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

### Is this policy right for me?

The My Choice or My Select policy within your Scottish Friendly ISA is for investors wanting to invest monthly or in a lump sum with a minimum intended term of at least 5 years, in an arrangement that offers a choice of investment options which are explained on page 13 of this document.

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. It allows your savings or investments to grow tax-efficiently.

Scottish Friendly offers a Stocks and Shares ISA, which includes a choice of funds that may invest in bonds, cash, and stock market assets. You can find full details of the available funds on page 13 of the Product Guide.

The annual ISA allowance for the 2026/27 tax year is £20,000, which can be split across different types of ISAs (e.g. Stocks & Shares, Cash, Innovative Finance, and Lifetime ISAs). Up to £4,000 of the annual ISA allowance can be allocated to a Lifetime ISA.

Scottish Friendly offers investment into a Stocks and Shares ISA and does not offer a Cash ISA, Lifetime ISA, or Innovative Finance ISA.

### Can I have more than one ISA?

Yes. As of April 2024, you can subscribe to multiple ISAs (e.g. more than one Stocks & Shares ISA) within the same tax year, provided your total subscriptions do not exceed the £20,000 annual limit.

### Can I have more than one ISA with Scottish Friendly?

No. However you are allowed to split your investment with Scottish Friendly into a number of different policies and an example of this is given in the next question.

### How can I split my ISA with Scottish Friendly into separate policies?

Whilst you can only have one Scottish Friendly ISA, there are no restrictions on the number of policies you can hold within it.

So rather than lumping all of your ISA money into one pot, you can split it into different policies giving you more control of your investment.

By splitting your investment into different pots (policies), you can tag each one for different saving and investment objectives. For example, you may set up one for each of your children, another for a rainy day and yet another for a car.

There is no limit on the number of policies you can have within your ISA with Scottish Friendly provided your total investment does not exceed the £20,000 annual ISA investment limit. This includes any amount you may have subscribed to another Stocks & Shares ISA, Cash ISA, Innovative Finance ISA or Lifetime ISA.

### How do I set up a My Choice or My Select policy within my Scottish Friendly ISA?

You choose how much to invest monthly (from £20) or as a lump sum (from £100). You can also opt to automatically increase your monthly payments by 2.5%, 5%, or 10% after each 12 month investment period. This can be changed or stopped at any time (up to a max of 10% per year).

If you don't already have a Scottish Friendly ISA, your ISA and policy will be created when your documentation is issued and your first payment is collected.

If you already have a Scottish Friendly ISA, the new policy will be added to your existing ISA.

Your payments will be invested in the fund(s) you select, and your policy will be held within your ISA. Fund details will be included in your personalised illustration which will be issued with your policy document.

### How can I pay?

You can make regular monthly payments from £20 or single lump sum payments from £100.

Once you've set up a My Choice or My Select policy within a Scottish Friendly ISA, you can manage your contributions including changing, stopping, decreasing, or topping up online at [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans), via our mobile app My Plans, or by writing to us to request a change.

Alternatively you can contact us on 0333 323 5433 (UK) or 3531 800 816 736 (Eire) or you can use our 'Contact Us' form which can be found at: [www.scottishfriendly.co.uk/contact-us/contactus-form](http://www.scottishfriendly.co.uk/contact-us/contactus-form).

### What happens if I die?

The death benefit under your My Choice or My Select policy within a Scottish Friendly ISA will be paid to your estate. The amount payable on death is 101% of the value of units held within all the policies, within your ISA at the date of death. The tax advantages of a Scottish Friendly ISA can be transferred to your Spouse or Civil Partner. This allowance is the value of your Scottish Friendly ISA at the date of your death, and is in addition to your Spouse or Civil Partner's own ISA allowance.

# Scottish Friendly My Choice or My Select (ISA) Investment Options

## Investment Options:

The My Choice or My Select (ISA) offers a range of funds with varying risk levels to suit different investment strategies. You can choose from the following types of funds:

<b>Cautious Funds</b>	Unit Linked Fund	<b>Money Market Fund:</b> A short term-investment fund designed to provide security by maintaining a stable investment value. This fund invests in money market instruments such as fixed deposits.
	Unit Linked Fund	<b>UK Government Bond Fund:</b> This fund aims to provide stable returns in excess of UK Government Bond market indices. The fund invests in bonds issued by the UK Government.
<b>Moderate Funds</b>	Unit Linked Fund	<b>Mixed Asset: Defensive Fund:</b> The fund aims to provide long-term growth from a mixed range of investments with a low level of risk. The fund invests across a diversified range of assets such as fixed interest, equities, alternatives and property, with a higher weighting towards fixed interest assets.
	Unit Linked Fund	<b>UK Corporate Bond Fund:</b> The fund aims to provide returns in excess of UK Corporate Bond market indices. The fund invests in bonds issued by UK companies, predominantly UK companies with a strong credit rating.
<b>Balanced Funds</b>	Unit Linked Fund	<b>Mixed Asset: Balanced Fund:</b> The fund aims to provide long-term growth from a mixed range of investments with a low to moderate level of risk. The fund invests across a diversified range of assets such as fixed interest, equities, alternatives and property, with a balanced weighting across all assets.
	Unitised With-Profits Fund	<b>Unitised With-Profits Fund:</b> A mixed managed fund where premiums are pooled with other clients that aims to provide long-term growth via smoothed returns that are linked to the performance of underlying assets. The fund invests across a diversified range of assets such as fixed interest, equities, alternatives and property, with a moderately higher weighting towards equities
<b>Aspiring Funds</b>	Unit Linked Fund	<b>Global High Yield Fixed Interest Fund:</b> The fund aims to provide returns in excess of Global High Yield Bond market indices. The fund invests in bonds issued by governments and companies worldwide that are rated below investment grade.
	Unit Linked Fund	<b>Mixed Asset: Moderately Adventurous Fund:</b> The fund aims to provide long-term growth from a mixed range of investments with a moderate level of risk. The fund invests across a diversified range of assets such as fixed interest, equities, alternatives and property, with a moderately higher weighting towards equities.
<b>Adventurous Funds</b>	Unit Linked Fund	<b>Climate Leaders Fund:</b> The fund aims to provide capital growth by investing in companies worldwide that benefit from efforts to limit global climate change.
	Unit Linked Fund	<b>Global Equity Fund:</b> The fund invests in shares of companies worldwide and is expected to deliver returns above major global market indices.
	Unit Linked Fund	<b>UK Equity Fund:</b> The fund invests in shares of UK companies and is expected to deliver returns above major UK market indices.
	Unit Linked Fund	<b>UK Equity Tracker Fund:</b> The fund invests in shares of UK companies and is designed to closely track the performance of the UK stock market.
	Unit Linked Fund	<b>Mixed Asset: Flexible Fund:</b> The fund aims to provide long-term growth from a mixed range of investments with a high level of risk. The fund invests across a diversified range of assets such as fixed interest, equities, alternatives and property, with a higher weighting towards equities.

## Risk Levels:

Each fund has a different risk level, ranging from cautious to adventurous. It's important to choose funds that align with your risk tolerance and investment goals.

For more information please visit: [www.scottishfriendly.co.uk/isas/my-choice-isa/my-choice-isa-our-funds](http://www.scottishfriendly.co.uk/isas/my-choice-isa/my-choice-isa-our-funds)

## Risk Graded Funds (Mixed Asset Fund Names only)

For more information on what these funds invest in, please visit: [www.scottishfriendly.co.uk/help-and-support/investment-information/risk-graded-funds](http://www.scottishfriendly.co.uk/help-and-support/investment-information/risk-graded-funds)

## Further Fund Information:

You can find clear, up-to-date information on each fund, including performance, charges, and risk level in our Key Information Documents available on our website: [www.scottishfriendly.co.uk/isa-investments](http://www.scottishfriendly.co.uk/isa-investments)

## What Might I Get Back From My Investment(s)?

To see how your money could grow based on circumstances tailored to you, please visit: [www.scottishfriendly.co.uk/isas/my-choice-isa#discover-what-you-might-get-back](http://www.scottishfriendly.co.uk/isas/my-choice-isa#discover-what-you-might-get-back) and use our handy online tool to support your investment growth.

## How To Choose Your Funds?

- 1. Review Fund Options:** Look at the range of funds available and their risk profiles.
- 2. Consider Your Goals:** Think about your investment goals and how long you plan to invest.
- 3. Select Funds:** Choose the funds that best match your investment goals and risk tolerance.

## What are Unit Linked Fund Investments?

A Unit Linked Fund is an investment where your money is used to buy units in a fund of your choice. The value of these units goes up or down depending on how well the fund's investments perform.

Your money will be invested in an investment policy within our ISA. The policy then invests in a choice of fund(s) – with a range of varying risk and reward profiles.

## What are Unitised With-Profits Fund Investments?

Our Unitised With-Profits fund is a mixed managed fund from Scottish Friendly where premiums are pooled with those of other clients and returns are linked to the performance of the underlying assets within the fund.

For more information on this fund, please visit our dedicated web page:

[www.scottishfriendly.co.uk/help-support/investment-information/asset-mix/your-friendly-guide-to-the-with-profits-fund](http://www.scottishfriendly.co.uk/help-support/investment-information/asset-mix/your-friendly-guide-to-the-with-profits-fund)

# Scottish Friendly My Choice or My Select (ISA) Charges

## Understanding your investment charges:

When investing, it's important to know exactly what you're paying for. With the Scottish Friendly My Choice or My Select (ISA), we aim to keep charges transparent and fair, so you can feel confident about where your money is going. Whether you're just starting out or growing your investment over time, our tiered Annual Management Charge (AMC) for Unit Linked Funds means the more you invest the lower your percentage charge becomes. You can explore detailed fund-specific charges in our Key Information Documents.

## What is an Annual Management Charge (AMC)?

- An annual fee for managing your investment, taken as a percentage of your fund value each month.
- Your Annual Management Charge (AMC) will vary depending on the fund(s) you choose, typically charges range from 0.5% to 1.5%.
- As your fund value grows, your overall percentage charge will decrease, giving you lower fees the more you invest.

## How do we deduct charges for Unit Linked Fund Investments?

If your ISA invests in one or more of our Unit Linked Funds, your charges will be based on the combined value of your investments in Unit Linked Funds in your ISAs with us.

Here's an example of what you can expect:

Tier	Total Unit Linked Funds Value	Annual Management Charge (AMC)	Example of how the tiered structure works for a customer with £40,000 invested in Unit Linked Funds in one of our ISA products		
			Fund Value	AMC	Annual Charge Deducted
1	£0 - £5,000	1.5%	£5,000	1.5%	£75
2	£5,001 - £20,000	1.0%	£15,000	1.0%	£150
3	£20,001 and over	0.5%	£20,000	0.5%	£100

In this example the total Annual Management Charge (AMC) deducted is £325 based on a total fund value of £40,000. This charge is annual, however debited on a monthly basis. In this example the monthly charge would be £27.08, assuming a fund value of £40,000.

This tiered approach means you'll pay 1.5% on the first £5,000, 1% on amounts between £5,001 and £20,000, and 0.5% on any amount over £20,000. As your fund value grows, your overall percentage charge will decrease, giving you lower fees the more you invest.

## How do we deduct charges for Unitised With-Profits Fund Investments?

Investments in the Unitised With-Profits Fund will be excluded when determining the total fund value that we use to calculate your charges for your ISAs.

Over 2025 & 2026, we're reducing the annual charge on our Unitised With-Profits Fund in ISAs by 0.25%. This means the overall charge will be 1.25% for the year, instead of the usual 1.50%. This reduction will be reflected in the bonus rates we declare and applies automatically from January 2025.

In addition to the 1.25% Annual Management Charge, there is currently a charge of 0.25% applied to the fund to cover the costs of providing the guarantees. Further details of these guarantees and charges can be found within the Principles and Practices of Financial Management for the fund via [www.scottishfriendly.co.uk/help-support/investment-information](http://www.scottishfriendly.co.uk/help-support/investment-information)

## Fund-Specific Charges:

### My Choice (ISA):

- **Switching Fee:** No charge for switching between funds. You can make up to 60 fund switches per calendar year free of charge. A fee of £25 will apply to each additional switch beyond this limit. Switch requests received before 12 noon will be processed at the next valuation point, which is normally the same day.
- **Transfer Out Fee:** No charge for transferring your ISA to another provider.

### My Select (ISA):

- **Switching Fee:** No charge for switching between funds. You can make up to 60 fund switches per calendar year free of charge. A fee of £25 will apply to each additional switch beyond this limit. Switch requests received before 12 noon will be processed at the next valuation point, which is normally the same day.
- **Transfer Out Fee:** No charge for transferring your ISA to another provider.
- **Early Withdrawal Fee:** If you fully cash-in your policy, transfer out or make a withdrawal within the first 5 years, a £50 charge will be deducted from your policy.

Each fund may have additional charges, such as transaction costs. Information on these charges is provided in the Key Information Documents (KIDs) which can be found at: [www.scottishfriendly.co.uk/isa-investments](http://www.scottishfriendly.co.uk/isa-investments)

## Charges Calculator:

For more information on what these charges may look like specific to your investment please visit [www.scottishfriendly.co.uk/our-charges](http://www.scottishfriendly.co.uk/our-charges) where you can find more information, including a dedicated Annual Management Charge calculator that you can tailor to your investment option(s).

Additional fund-specific charges may apply, as detailed in the Key Information Document for the fund. These can be found at: [www.scottishfriendly.co.uk/isa-investments](http://www.scottishfriendly.co.uk/isa-investments)

## Further information

### Unit prices

The unit price of the funds available in a My Choice or My Select policy within a Scottish Friendly ISA are published every day. You can check the current cash-in value of your My Choice or My Select policy by logging on to our secure website [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans), via our app My Plans, or by telephoning our Customer Services Team on 0333 323 5433.

### Cancellation rights

When you set up a Scottish Friendly ISA within which your My Choice or My Select policy will be held, you'll receive notice of your right to change your mind and how to cancel within your Welcome Pack. You'll then have 30 days to cancel your investment and we'll provide instructions letting you know how to do this. You have the right to cancel your ISA within 30 days of taking it out. If you exercise this right, you will receive all of your investment back, regardless of any market movements during this period and your investment will not be treated as having been paid into an ISA.

After 30 days, you will no longer have the right to cancel your ISA so you will have to cash it in and you will receive the market value of your investment, which may be more or less than the amount initially invested and your annual ISA subscription limit will be reduced by the amount you initially invested.

If you take out any future new policies within your ISA, the same cancellation rights apply to each of them.

### Withdrawals

You may make a withdrawal by providing our Customer Services Department with signed confirmation of your instructions. Alternatively, you can make a withdrawal online by registering for our online service at [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans), or via our app My Plans. You can also contact us on 0333 323 5433 (UK) 3531 800 816 736 (Eire) or you can use our 'Contact Us' form which can be found at: [www.scottishfriendly.co.uk/contact-us/contact-us-form](http://www.scottishfriendly.co.uk/contact-us/contact-us-form).

Withdrawals will be met by cancelling units in your fund(s) according to your instructions. If you do not specify which fund(s) the withdrawal should come from then we will make a withdrawal by cancelling units in proportion to the value of each fund within your policy.

**My Select (ISA) only:** The minimum withdrawal is £50 and the value of your policy after a withdrawal must be at least £50. If the value remaining after a withdrawal is less than £50 then you will be considered to have closed your My Select policy and the remaining value, less any deductions, will be paid out to you. If you close your policy and withdraw the full value within the first five years, there will be a £50 deduction from your cash-in value.

Payments will be made within four working days of your units being sold.

Please note, withdrawals can only be made 10 days after the date of your last Direct Debit payment.

### Fund switching

You can make changes to the investments held in your My Choice or My Select policy by registering for our online service at [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans), or via our app My Plans, or in writing to Scottish Friendly.

You can make up to 60 fund switches per calendar year free of charge. If you make more than 60 switches, a fee of £25 will apply to each additional switch. All switch instructions received by 12 noon each day will be processed at the next valuation point, which is normally the same day.

### Transfer in

If you hold one or more ISAs with other ISA Manager(s), you can transfer them to Scottish Friendly either online via [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans) via our app My Plans, or by requesting an ISA Transfer Application Form.

Transfers are made in cash only and will be invested into a new policy within your Scottish Friendly ISA. Please note that we do not accept transfers from flexible ISAs.

If you're transferring a Child Trust Fund, it will be invested in a My Choice policy within your Scottish Friendly ISA.

Once you've completed the transfer, whether online or by returning the form, we'll send you the details of your new policy.

For more information, please see our Transfer Terms and Conditions at: [www.scottishfriendly.co.uk/transfer-terms-and-conditions](http://www.scottishfriendly.co.uk/transfer-terms-and-conditions)

### Transfer out

At your 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 pay the proceeds to the new ISA Manager within four working days. If you wish to retain the tax-free benefits of your ISA (as opposed to simply withdrawing money), your investment in your My Choice or My Select policy can be transferred to another ISA Manager's Investment ISA, Innovative Finance ISA, Lifetime ISA, or Cash ISA.

**My Select (ISA) only:** You should note that if you transfer out within the first five years, there will be a £50 deduction from your policy value.

## Taxation

All income and capital gains generated by the funds within your Scottish Friendly ISA 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 funds in which you invest will receive UK dividend income after the deduction of UK 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 and we may check your identity with a credit checking agency.

## 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 at [www.scottishfriendly.co.uk/about-us/solvency-two](http://www.scottishfriendly.co.uk/about-us/solvency-two)

## What happens if Scottish Friendly becomes insolvent?

If you buy a policy within a Scottish Friendly 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 0800 678 1100\*\*  
Website: [www.fscs.org.uk](http://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\*.

Alternatively you can use our 'Contact Us' form which can be found at: [www.scottishfriendly.co.uk/contact-us/contact-us-form](http://www.scottishfriendly.co.uk/contact-us/contact-us-form).

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

\*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.

\*\*Free from a UK landline.

## Your client category

We are required to categorise our clients to determine 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, Exchange Tower, Harbour Exchange Square, London, E14 9SR. Tel: 0800 023 4567\*\* or 0300 123 9123\*.

Website: [www.financial-ombudsman.org.uk](http://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 document which is evidence of the legally binding contract between you and Scottish Friendly Assurance Society Limited.

# Scottish Friendly ISA Terms & 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 Terms form the basis of the agreement with you upon which we intend to rely. If you have any questions about these, please contact us.

## 1. Definitions

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

**AMC:** Annual Management Charge;

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

**Associate** – any holding company of the Account Manager or a subsidiary of any such holding company (as defined in the Companies Act 2006);

**Bank** – Lloyds Banking Group plc, having its Head Office at the Mound, Edinburgh, EH1 1YZ, incorporated in Scotland with registered number 95000;

**Business Day** – any day except a Saturday, Sunday, a Bank Holiday in England and other days that the Account Manager is not open for business;

**Cash ISA** – a Cash Individual Savings Account managed under the Regulations;

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

**FCA** – the Financial Conduct Authority;

**Innovative Finance ISA** – an Innovative Finance Individual Savings Account managed under the regulations;

**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 savings and investment policy as part of a Stocks and Shares ISA;

**Policy** – a savings and investment policy issued by Scottish Friendly Assurance Society Limited;

**Retail Client** – a client who is not a professional client or an eligible counterparty.

**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;

**Stocks and Shares ISA** – a Stocks and Shares Individual Savings Account managed under the Regulations;

**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;

**Unit Linked Funds:** Your money will be invested in an investment policy within our ISA. The policy then invests in a choice of fund(s) – with a range of varying risk and reward profiles;

**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.

These Terms will only apply to your Stocks and Shares ISA provided they are not held by a relevant court or viewed by the Financial Conduct Authority to be unfair contract terms or reasonably considered by us to be unfair contract terms. If a term is held, viewed or considered to be unfair it will, as far as possible, still apply but without any part of it which would cause it to be held, viewed or considered unfair.

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.
- D. We may appoint any person (whether or not 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 or through our website or app on an Application Form. Subject to the Regulations, your Account will be managed in accordance with your directions set out in your Application Form and any subsequent instructions provided by you.
- B. These Terms will come into force when the Policy document is issued and your first payment is successfully collected. On acceptance, each new Account will be designated by us as a Stocks and Shares ISA. 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. You must submit with your Application Form a Direct Debit Instruction to a bank or building society in your own name. Please note, you can also make payment via Debit Card to make additional top up payments to your existing ISA policies.
- 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. Unless part of a transfer application, 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. You may direct additional lump sums to be paid into a separate Policy as part of your Account Investments at the point of payment along with your investment instructions.
- B. Monthly payment plans
 

The minimum monthly contribution is as specified in the Application Form.
- C. Monthly Direct Debits will normally be collected on the date you specify 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 10 working days before the payment date you specified, your first monthly payment will be collected by Direct Debit on the date you specified, otherwise it will be collected on the date you specified of the following month.
- D. You may direct additional regular contributions to be paid into a separate Policy as part of your Account Investments at the point of setting up an additional regular contribution with your investment instructions.
- E. There is no limit to the number of policies you may hold in your Account provided your overall contributions remain within the ISA annual allowance for the Year in which you are paying and provided your contributions meet the minimum requirements of each individual Policy.
- F. 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 five 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

The maximum you can invest in a Stocks and Shares ISA in any Year is £20,000 minus anything you have paid into a Cash ISA, Innovative Finance ISA or Lifetime ISA in that Year.

## 6. Cancellation

Once your cancellation period has ended, you do NOT have the right to cancel your Account once it has been set up or when you take out any future Policies that are held within it. You should note that whilst some of the Account Investments give the right to cancel, exercising this right will cause the market value of your investment to be returned to you, which could be more or less than you invested, and this will be treated as a full withdrawal from your Account.

## 7. Investment Objective

The investment objective of your Account will correspond to the qualifying investments specified in your Application Form (either online or on paper) and noted in your personalised illustration which is issued to you on completion of your application.

## 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.
- 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, including any policies held within your Account. Note that the assets within any policies will be beneficially owned by the issuing life company.
- 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 invest will receive UK dividend income (if any) net of corporation tax.

## 11. Statements

We will send you a statement twice a year 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 or by making a withdrawal online at [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans) or via our app My Plans.
- B. 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.
- C. The amount to be withdrawn will be paid to you within four business days following receipt of cleared funds resulting from the sales of Account Investments.
- D. We may deduct from the withdrawal amount any sums due to it.
- E. 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.
- F. Withdrawals can only be made 10 days after the date of your last Direct Debit payment.

G: My Select (ISA) only: 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 £50 (failing which we may treat your request as an instruction to terminate your Account).

## 13. Charges

- A. Management fees and charges for the Scottish Friendly ISA are deducted from your investments according to the terms set out in the Product Guide.
- B. We reserve the right to discount or waive any charges.
- C. 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.
- D. 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.
- E. My Select (ISA) only: If you fully cash-in your policy, transfer out or make a withdrawal within the first 5 years, a £50 charge will be deducted from your policy.

## 14. Termination

- A. You may terminate your Account by writing to us or online at [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans) which will be effective on receipt but will not affect transactions already initiated.
- B. We may terminate your Account if you breach a material obligation under these Terms and Conditions, or you fail to take reasonable action within a reasonable time to remedy that breach, 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 (or on your written request will transfer the proceeds to another ISA manager). 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, 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 void, 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 ISA 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, 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 or presented to us through our secure website [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans). 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. Alternatively if you have registered for online access you will be emailed that your notice is available to view once you log in to our secure website [www.scottishfriendly.co.uk/my-plans](http://www.scottishfriendly.co.uk/my-plans), or via our app My Plans. Such notices will be considered to have been received by you immediately after your email notification has been sent.
- 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 reimburse 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 the FCA or of these Terms.

- B. We are liable for our negligence, knowing default, and for any breach of the rules of the 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 the 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 16 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](http://www.fscs.org.uk)

The following additional Policy conditions apply to any My Choice or My Select Policy held within a Scottish Friendly ISA.

## Additional Terms & Conditions for the My Choice or My Select Policy held within the Scottish Friendly 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 whole of life assurance contract issued by Scottish Friendly Assurance Society Limited ('The Society') on your life alone and is 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.
- D. This Policy may only be held as part of a qualifying investment for an ISA and the Policy shall cease if it ceases to be held within an ISA.
- E. The Policy, the rights conferred by the Policy or any share or interest in the Policy or rights respectively, other than the cash proceeds when the Policy is cashed in or through a withdrawal cannot be transferred to you.
- F. The Policy, the rights conferred by the Policy and any share or interest in the Policy or rights respectively, are not capable of assignment or assignation.
- G. The Policy may be cancelled by the Policyholder within 30 days of the issue of the Policy Schedule. The full value of any investment in that period shall be refunded to the Policyholder through a withdrawal from their Scottish Friendly ISA.

### L.2 ISA funds

- A. The Society will maintain a range of funds for the purpose of determining the benefits payable under this and certain other Policies.
- B. Each fund will be divided into Units. Within each individual fund, Units of any particular type will be of equal value, although the value of Units of each fund may vary.
- C. The benefit under this Policy will be specified in terms of Units, which will be allocated to the Policy as described in the Policy Schedule. 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 funds 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 funds unless assets equivalent to such Units are added at the same time to the fund. No assets will be withdrawn from the funds except for the purpose of meeting the charges described in Condition 13 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 each fund will be credited to that fund.
- G. For the purposes of the Policy, any investment within the Unitised With-Profits fund shall be eligible for Regular Bonus and Final Bonus additions as declared by the Society for this particular fund.
- H. The Policy is eligible only as regards Units of the Unitised 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.
- I. The assets of the Unitised With-Profits fund shall not be separately identifiable from the remainder of the assets of the long-term business of the Society.
- J. The assets of any other fund shall be separately identifiable from the remainder of the assets of the long-term business of the Society.

### L.3 Charges against the funds

The Society will be entitled to deduct from the funds 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 funds

- A. The Unit Price of the Unitised With-Profits fund 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 Unitised With-Profits fund shall be the price at which the Society allocates Units to the ISA Policy and at which Units shall be cancelled by the Society.
- C. All other assets within funds (other than the Unitised With-Profits fund) will be valued at least once in each calendar month. Scottish Friendly will derive the maximum and minimum value of each fund from the corresponding values of the assets backing each fund reduced by all loans charged against the fund and with appropriate allowances for uninvested cash, accrued income and accrued or prospective charges. The maximum value of an asset of a fund will not exceed the market price at which it might be purchased and the minimum value will not be less than the market price at which it might be sold. The values of Stock Exchange securities will be based on quoted prices. The values of real or heritable property will be based on valuations prepared and certified by an independent valuer appointed by Scottish Friendly and adjusted to allow for variations in property prices since the last such valuation. The values of all other assets will be determined by Scottish Friendly.
- D. The Unit Price of a fund will be calculated by Scottish Friendly and will be no less than the minimum value, and no more than the maximum value, of the part of the fund attributable to that type of unit after deduction of management charges divided by the number of Units of that type in the fund, the result being rounded down by not more than 0.1p. The actual price may vary above this level.
- E. All rounding reductions to unit prices and any other reductions will accrue to the Society.
- F. Units of the funds may be consolidated or subdivided at any time at the discretion of the Society.
- G. Where Units of the funds are cancelled, the value of the Units so cancelled may be subject to increase by way of further bonus additions (i.e. Final Bonus in the case of the Unitised With-Profits fund) 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 a 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 or verified electronic instruction at the Society's Head Office.

### L.6 Market Value Reduction (MVR) (Unitised With-Profits fund only)

- A. If the Policyholder instructs the Society to cancel some or all of the Units of the Unitised With-Profits fund allocated to the Policy, the Society may make a deduction, known as the Market Value Reduction (MVR), from the value of the Units cancelled. The amount of any deduction to be made shall be determined by the Society with reference to the Society's overall bonus philosophy and in particular, taking account of the reasonable expectations of all its Policyholders.
- B. Where Units are cancelled to meet a death claim under Policy Conditions L.7 or where units are cancelled on the 10th anniversary of a continual investment in the With-Profits fund through a My Choice or My Select Policy or such My Choice or My Select Policies deemed connected by Scottish Friendly or the 5th anniversary of that date thereafter, then the Policyholder shall be entitled to a value at least equal to the value of the Units cancelled.

Scottish Friendly Asset Managers Limited, Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ.

[www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk)

Authorised and regulated by the Financial Conduct Authority.

Details can be found on the FS register - Registration No. 188832. Member of The Investment Association.

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