

All you need to know about the Family Bond

Including a quick summary of the key points



Carefully read all the sections of this document.
Then keep it safely so you can refer to it in the future.

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Definitions

Bond

The Family Bond

FSA

- Financial Services Authority
- Regulates financial services companies like Family Investments

Fund

The unit-linked fund (the Sovereign fund or the Family Charities Ethical Exempt fund) in which the policy invests

HMRC

HM Revenue & Customs

Money Advice Service

Set up by the Government, this is a free, independent service that provides clear, unbiased money advice to help people make informed choices

Payments

Fixed monthly amounts that must be made for at least 10 years

Policy

The Family Bond

Policyholder

The person who owns the policy and is the life assured and the member

TESP

- Tax-exempt savings plan
- A type of policy that only friendly societies can issue

Unit

A unit in a unit-linked fund

Unit-linked fund

A fund whose performance is linked to the assets in which it invests, such as stocks and shares

Us/our/we

Family Assurance Friendly Society Limited (trading as Family Investments)

Working day

Any day of the week not including Saturdays, Sundays and English public (bank) holidays

You/your

The person applying for the policy and who will be the policyholder

Other technical terms are explained in their relevant sections

The Financial Services Authority is the independent financial services regulator.

It requires us, Family Investments, to give you this important information to help you decide whether our Family Bond is right for you.

You should read this section carefully so that you understand what you are buying, and then keep this document safe for future reference.

Its aims

- To enable you to invest tax-efficiently over the long term
- To provide you with a tax-free lump sum at the end of the payment term you select
- To achieve growth by investing in stocks and shares
- To offer a choice of two funds including an ethical fund

Your commitment

- To make a fixed regular annual or monthly payment, which you select at the start, for at least 10 years
- You cannot increase or reduce this amount at any time

Risks

- Because the money is invested mostly in stocks and shares, its value can go down as well as up. You may get back less than you have paid in

- If the value of your Bond falls unexpectedly, shortly before you want or need to withdraw your money, it could mean that you do not have enough money to meet your needs
- Your circumstances may change, and this may mean that your Bond needs to be cashed in early. This will increase the possibility that you will get back less than you have paid in. If you need to cash in your Bond in its first year, you will not get anything back
- If you cash in your Bond in the first 10 years, or you do not keep making payments for at least 10 years, you may have to pay tax on any growth
- If you do not keep making payments, we will stop providing life cover
- The tax advantages of the Family Bond depend on your individual circumstances and its tax treatment may change in the future. If the tax treatment changes, the potential growth of the Bond may be reduced

Your questions answered

What is a Family Bond?

- A Family Bond is a Tax-Exempt Savings Plan or TESP. TESPs are a way of saving for the long term, tax-efficiently. They can only be issued by friendly societies
- Because of the favourable tax treatment, the Government has set maximum limits of £25 per month or £270 per year on the payments that can be made into TESPs
- If it hasn't already been cashed in, a Family Bond will mature on the policyholder's 85th birthday

Who is the Family Bond designed for?

- The Family Bond is designed to provide good potential for growth over the longer term by investing mainly in stocks and shares
- There is an ethical option for ethically-minded investors
- You should only consider opening a Family Bond if you are happy to take some risk in order to increase the potential return. It is possible to get back less than has been paid in
- You should be aged between 16 and 70 years and be prepared to save a regular amount for a period of at least 10 years

Please note that we do not provide advice. If you have any doubts about the suitability of this product, you should seek independent financial advice.

How much can I pay and for how long?

- You can pay from £15 to £25 a month or from £165 to £270 per year
- Payments can be paid monthly or yearly by Direct Debit. You can also pay yearly by cheque
- The initial payment term you select must be between 10 and 25 years and must be in full years. Your final payment must be made before your 85th birthday
- If you already hold one or more TESPs, with us or another friendly society, you must make sure that by taking out a Family Bond, the maximum limits of £25 per month or £270 per year are not exceeded



For more information about paying into your Family Bond, see page 14 in the Terms and Conditions section.

Can I increase my payments?

- No, but if you want to pay more and you have not exceeded the Government limits, you could take out a new Family Bond
- Like any new Family Bond, the payment term must be for at least 10 years
- The payment term of any existing Family Bond or Bonds will not be affected

Where is my money invested?


- Your payments will buy units in your chosen fund
- You can choose from two funds:

The Sovereign fund

The Sovereign fund aims to achieve long-term growth, while spreading risk across a wide range of investments. It invests mainly in both UK and overseas shares along with fixed interest investments and property. It may achieve this by investing in one or more other funds. It may also invest in property directly.

The Family Charities Ethical Exempt fund

The Family Charities Ethical Exempt fund invests in a unit trust, which will track the performance of the FTSE4Good UK 50 Total Return Index.

-  - For more information about where the funds are invested, please see page 10 in the Fund Information section.
- For more information about the ethical criteria of the FTSE4Good UK 50 Index, visit www.ftse.co.uk/ftse4good or contact us.

What will I get back?

To give you an idea of what you might get back, we have provided an example below of how a typical Family Bond might perform if the fund grew by 5%, 7% and 9%. These rates are set by our regulator, the Financial Services Authority. Most friendly societies, if their product invests in a similar sort of fund, will use these rates of growth, but their charges may vary.

The figures below are based on a Family Bond taken out by a person aged 43 who selected an initial payment term of 10 years and wants to pay £25 per month:


Savings period	10 years
Monthly contribution	£25
Number of payments	120
Life Cover	£2,250
If the fund grew by:	You would get back:
5%	£3,430
7%	£3,790
9%	£4,190

- The figures above are not a reliable indicator of what your Family Bond will be worth in the future. You could get back more or less than this

- What you get back will depend on how the fund performs. Its value can fall as well as rise
- Over time, the cost of living will generally rise reducing the real value of any investment growth. This means that you will not be able to buy as much in the future with the amounts shown above as you could do today

We will send you a personalised "illustration" in your Welcome Pack. This will include a projection, like the one opposite, but based on the payment amount and term that you select when you apply.

What are the charges?

- An initial charge of £60 will be taken from the first year's payments
 - We also apply an annual management charge of 1.5% of the fund value
 - The Sovereign fund may also have certain expenses deducted directly from it because it can invest in other funds and alternative investments. These change but are currently estimated to be no greater than 0.2% of the value of the fund each year
 - There is also a charge for life cover, which we deduct each year on the Bond's anniversary, if the value of the Family Bond is less than the amount of the life cover
-  For more information about the charges, see page 16 in the Terms and Conditions section.

How will the charges and expenses affect the growth of my Family Bond?

The table overleaf shows how the charges and expenses will affect the growth of a typical Family Bond (assuming a 43 year old invested £25 per month for 10 years).

The last two columns assume the fund will grow at 7% a year. These projections are not a reliable indicator of future performance. What you get back is not guaranteed. You could get back less than you invest.

At end of year	Total paid in to date	Total actual deductions to date	Effect of deductions to date	What you might get back at 7%
The early years				
1	£300	£116	£116	£195
2	£600	£123	£131	£513
3	£900	£135	£153	£848
4	£1,200	£153	£181	£1,200
5	£1,500	£177	£218	£1,570
The later years				
10	£3,000	£347	£503	£3,790

The table shows that over 10 years, the charges and expenses could reduce the growth on your Bond by £503.

Putting it another way, this would have the same effect as reducing growth from 7% a year to 4.7% a year.

What happens if I stop making payments?

- If you stop making payments before the 10th anniversary of your Family Bond, any growth could be taxable
- To avoid this, you can make up any missed payments as long as you do so within 13 months. You will have to make up any missed payments altogether in one lump sum, you cannot make them up over a period of time
- After 13 months:
 - We will stop providing life cover with your Bond
 - If you have made less than one year's worth of payments or the Bond has no value, your Bond will "lapse"

- From year two until the end of the payment term selected at outset, as long as there is a value, the Bond will become "paid up"

? What do the terms "lapse" and "paid up" mean?

Once the status of a Bond is changed to "lapse" or "paid up", it cannot be reinstated and any life cover previously provided will be cancelled. A lapsed policy has no value. A policy which has been made "paid up" will remain invested, but no further payments can be made.

- ! For more information about stopping your payments early, see page 15 in the Terms and Conditions section.

What happens if I want or need to cash it in early?


- In its first year, the Bond will have no cash in value
- From year two to the Bond's 10th anniversary, the amount paid if you cash it in will be the current value minus an early surrender charge of £50
- If you cash in your Bond before its 10th anniversary, you may have to pay tax on any growth

How can I cash in the Bond?

If you want to cash in your Bond, contact us and we will send you the appropriate form. Payment can either be made directly into the bank or building society account from which we have been collecting Direct Debit payments, or by cheque.

What happens if I die?

- As long as you keep making payments, the Bond includes life cover
- The amount of life cover depends on the amount you are paying and your initial payment term
- The amount of life cover you will get is reduced if you take out the Family Bond when you are aged 56 or over
- If you die and the value of your Family Bond is higher than the amount of life cover, we will pay the current value

 For more information about what happens if you die, see page 18 in the Terms and Conditions section.


What about tax?

- The Family Bond is invested in a special tax-exempt fund although income received by the fund may be taxed before we receive it
- The final sum you receive will be free from Income Tax and Capital Gains Tax as long as you make payments for at least 10 years
- Other taxes may exist that we do not pay or impose

 For more information about the tax treatment, please see the document "How we manage our unit-linked funds" which is available on our website or by calling us.

How can I track how my Family Bond is performing?

- Each year, we will send you a statement
- You can also phone us for a current valuation

 For more information about keeping track of your Family Bond, please see page 14 in the Terms and Conditions section.

What happens at the end of the payment term?

You will have four choices, which we will remind you of nearer the time.

- Extend the payment term by another 10 years
- Leave the money invested in a tax-exempt fund and make no more payments
- Take some of the money
- Take all of the money

Can I change my mind?

- Yes, you have 30 days to cancel your Family Bond
- If you applied by post or online, this 30-day period starts from the date we process your application
- If you applied by phone, this 30-day period begins when you receive your Welcome Pack
- You can cancel by completing and returning the cancellation notice included in your Welcome Pack
- Any money you have paid will be returned to you in full
- A Family Bond has no cash-in value in its first year, so if you change your mind after the end of the cancellation period, you will not get anything back

Other information


Complaints

If you need to make a complaint, please contact us and we will do what we can to resolve your complaint as quickly as possible.

When we first write to you, we will send you a summary of the procedures that we will follow when resolving your complaint. A copy of these procedures is available on request.

If you are not satisfied with our response to your complaint, you may be able to refer it to the Financial Ombudsman Service (FOS).


Making a complaint won't affect your legal rights.

 For more information about how to make a complaint about a financial product or service, including information on your legal rights, please see the Money Advice Service leaflet "Making a complaint", which is available on their website or by calling their helpline. Contact details for the Money Advice Service and the FOS are on the back page of this document.

Compensation

You may qualify for compensation from the Financial Services Compensation Scheme (FSCS) if we cannot meet our obligations due to financial difficulties.

Circumstances vary, but most types of long term insurance (such as TESPs) are covered for 90% of the claim, with no upper limit. The Family Bond is a type of long term insurance. Further information about compensation arrangements is available from the FSCS.

 Contact details for the FSCS are on the back page of this document.

Fund Information

This section is designed for more experienced investors and provides detailed information about the funds you can invest in.

Further information on how we manage the fund in which this Bond invests is available on our website at www.family.co.uk in the document "How we manage our unit-linked funds" (see the link on the "member information" page). This document can also be obtained by contacting us.

The investment

The Family Bond may be invested in either the Sovereign fund or the Family Charities Ethical Exempt fund.

The Sovereign fund

The Sovereign fund aims to achieve long-term growth, while spreading risk across a wide range of investments. It invests mainly in both UK and overseas shares along with fixed interest investments and property. It may also invest in alternative investments. The fund may achieve this by investing in one or more other funds. It may also invest in property directly.

What are alternative investments?


An investment can be called an "alternative investment" if it is anything other than one of the traditional investments such as stocks and shares, fixed interest investments or cash. An example of a type of alternative investment we might invest in is a fund which aims to provide a positive return regardless of what is happening on the stock market. These are called Absolute Return funds.

The Family Charities Ethical Exempt Fund

This fund invests in the Family Charities Ethical Trust (FCET). FCET's aim is to achieve long term growth by tracking the performance of the FTSE4Good UK 50 Total Return Index or other similar index that we consider to be appropriate.

In order to accurately track the Index, the investments held by the fund will closely mirror the holdings in the Index.

The fund may not exactly mirror the Index where we believe that it would be too costly to do so or where it would be inappropriate to do so because we are not able to easily and cost-effectively sell or buy the relevant assets.

 For an explanation of the FTSE4Good UK 50 Total Return Index, please see the opposite page. For more information, visit www.ftse.co.uk/ftse4good or contact us.

What is the FTSE4Good UK 50 Total Return Index?

Shares listed on the various global stock markets can also be included in one or more “indices”. There are literally hundreds of different indices across the globe. These indices can provide an indication of how different types of companies are performing.

The FTSE4Good UK 50 Index lists the largest 50 companies in the UK that meet the Index’s ethical criteria, valued using their share price. **The FTSE4Good UK 50 Total Return Index** includes those same companies but, when valuing those companies, it also includes the value of the dividends paid from their shares. As such, it is considered a more accurate representation of the return an investor would have made had they actually invested in the shares on the Index.

Unit pricing

Valuing the funds

The assets in a fund will usually have both a bid and an offer price. The bid price is the price at which an asset is sold and the offer price is the price at which an asset is bought.


Currently, the assets in the Sovereign fund are valued using their bid price. This is because the fund is contracting (ie there is more money being taken out of the fund than being invested in it).

Currently, the assets in the Family Charities Ethical Exempt fund are valued using the mid price of the assets (we calculate this by working out the average of the bid and the offer prices).

The assets in both funds are valued daily at 10am. This is also known as the pricing point.

What are assets?

An asset is another name for an investment. Shares, property, fixed interest investments and cash are all examples of assets.

-  For more information on how we value the funds, please see the document “How we manage our unit-linked funds” which is available on our website or by calling us.

Calculating the unit price


To calculate the price at which you can buy and sell your units, we take the value of the fund and deduct the annual management charge and any other applicable charges or expenses. This is called the Net Asset Value (NAV). The NAV is then divided by the total number of units in issue to give us the price.

What is a unit?

The value of each fund is divided into “units”. The “price” of each unit is based on the value of the fund, divided by the total number of units in issue.

Each payment made will buy a certain number of units (after any charges have been deducted). The number of units bought will depend on the price of those units on the day the units are bought.

The value of your Bond is calculated by multiplying the number of units you hold by the current unit price.

-  For more information on how we calculate the unit price, please see the document “How we manage our unit-linked funds” which is available on our website or by calling us.

Creating and cancelling units

If, on any particular day, there is more money being taken out of a fund than being invested in it, we will need to cancel some of the units in the fund.


If there is more money being invested in the fund than being taken out, we need to create more units.

Sovereign fund: we will both create and cancel units using the bid price (as the fund is contracting).

Family Charities Ethical Exempt fund: we will both create and cancel units using the mid price.

Dealing costs

The funds are valued using a single (either bid or mid) price, but the actual costs of buying and selling those assets may be different than the price used. This is due to dealing costs, taxes (including SDRT) and any spread between the real buying and selling prices of the assets. These costs are therefore deducted directly from the fund when they are incurred, thereby diluting its value.

 For more information on dilution, please see the document “How we manage our unit-linked funds”, which is available on our website or by calling us.

What is SDRT?

SDRT stands for Stamp Duty Reserve Tax. This is a tax that is paid when someone buys or transfers shares.

Terms and Conditions

This section sets out the detailed terms and conditions of our Family Bond. Please make sure you read it carefully as it contains information you need to know.

Eligibility

You can open a policy as long as you are aged between 16 and 70 years inclusive.

Accepting your application and opening your Family Bond

An application can be completed over the phone, on-line or in writing.

We will accept your application on the working day it is received, unless:

- Your application is incomplete, and/or it is necessary to clarify information on the application
- We need to ask you for proof of identity

Your Family Bond will be opened on the working day after your application has been accepted.

Sometimes we may be unable to accept your application at all. If this happens we will let you know.

If, after the Bond has been opened, we find that any of the details you supplied as part of the application were not correct, we may:

- change some of the benefits offered by your Bond in line with your amended details; or,
- consider the policy invalid if the nature of the incorrect details makes it necessary to do so

If we are unable to open the Bond within three weeks of receiving your application, any payments you have sent us will be returned without growth or interest within four working days of the end of this period.

Life cover

An amount of life cover is included when a Family Bond is taken out.

The amount of life cover included depends on the amount you choose to save and the initial payment term you select. It is calculated at 75% of the payments you are due to make over the initial payment term.

If you are aged 56 or over when your Bond is opened the amount of life cover you received will be reduced by 2% a year (eg If you are 56, you will receive 73% of the payments you are due to make over the initial payment term. If you are 57, you will receive 71% and so on).

If you die and the value of your Family Bond is higher than the amount of life cover, we will pay the current value.



A charge is made for life cover. For details, please see the charges section on page 16.

Keeping track of your Family Bond

Statements and valuations

Every year we will send you a statement shortly after the anniversary of your Family Bond's start date.

This statement will include details on the number of units purchased with the payments you have made, the number of units held and the valuation at the end of the statement period.

You can also contact us directly for a current valuation.

Daily unit prices

You can see the daily unit prices for our funds on the "daily prices" section of our website. The published price is the price from the previous working day.

Paying into your Family Bond

Payment methods

We accept payments monthly or yearly by Direct Debit or yearly by cheque. We do not accept cash, standing orders or post-dated cheques.

If you decide to pay yearly by cheque, you can either send the cheque directly to us, or you can pay over the counter at your bank or building society using a bank giro credit slip that we will send to you with your yearly payment reminder. We will not accept cheques or cash paid over the counter without the bank giro credit slip.

We only accept payments (or any post, including instructions to sell units) on working days.

Direct Debits must be set up on, and cheques drawn from, personal bank or building society accounts on which you are solely or jointly named.

If you decide to pay by Direct Debit, you can tell us the day you would like payments to be debited from your account on your application form. Once your Bond has started, this date cannot be changed. If you decide to start paying by Direct Debit after your Bond has already started, the payment will be collected on:

- For monthly payments – the same day of the month on which your Bond started
- For annual payments – the anniversary of the policy each year

Investing your payments

After deductions for charges, payments will buy units in your chosen fund. This will be either the Sovereign fund or the Family Charities Ethical Exempt fund.

Payments received by Direct Debit will purchase units on the working day the Direct Debit is accepted. Payments received by cheque will purchase units on the working day after the cheque is accepted.

Payment amounts and frequency

You can choose to pay from £15 to £25 per month or from £165 to £270 per year.

Once you have selected a payment amount and frequency, you cannot change it.

For Family Bonds paid monthly, payments are due on the day of the month on which the Family Bond started.

For Family Bonds paid yearly, payments are due on the anniversary of the Bond each year.

Payment term

The initial payment term you select must be between 10 and 25 years and must be in full years. Your final payment must be made before your 85th birthday.

Stopping payments early

If you stop making payments before the end of the initial payment term, you have 13 months to make up the missing payments and continue paying into the Bond.

If, at the end of 13 months, you have not made up the missing payments, the following will apply:

- If less than one year's payments have been made or the Bond has no value, the Bond will lapse and it will close with no value
- From year two until the end of the payment term selected at outset, as long as there is a value, the Bond will become "paid up". This means that it will remain invested with no further payments being made until it is cashed in. The Bond's value will continue to fluctuate in line with the movement of the unit price
- Life cover will cease so, if you die, the only payment made will be the value of the Bond

You will have to make up any missed payments altogether in one lump sum, you cannot make them up over a period of time.

We may deduct a £50 charge when a Bond is made "paid up" within the first 10 years.

If your Bond is made "paid up", and you cash it in, you may have to pay tax on any growth.



For more information, including details of the early surrender charge, please also see the "Cashing in your Family Bond early" section on page 18.

Switching

Once you have selected the fund you would like to invest in, you cannot switch funds until the Bond has reached its 10th anniversary.

The only exception to this is that after your Bond has reached its ninth anniversary, you can switch into our Safety First Fund.

After the Bond's 10th anniversary, you will have the option of switching your Bond into a number of different funds made available at the time.

Instructions to switch funds will be processed on the working day after they are received.

 For more information on switching, please contact us.

Charges

An initial charge of £60 will be deducted from the payments you make in the first year.

There is also an annual management charge of 1.5% of the fund value. This charge is deducted directly from the fund on a daily basis.

As the Sovereign fund may invest in other funds and/or alternative investments, additional charges may be incurred by the fund. These charges are variable but are currently estimated to be no greater than 0.2% of the value of the fund each year.


A charge will also be taken for life cover whenever the current value of the Family Bond is lower than the sum assured. This charge is taken yearly on the anniversary of the Bond by cashing in units. The charge we make for life cover depends on your age when we take the charge.

We may deduct a £50 charge if the Bond is made "paid up". We do not currently apply this charge, but may do so in the future if our actuary advises us to do so to protect the interests of all our members.

An early surrender charge will be deducted if the Family Bond is cashed in during the first 10 years. This £50 charge will not be deducted if we have already deducted £50 because the Bond has been made "paid up".

Additional costs may be incurred by the fund for the safe keeping of certain assets.

Other costs may exist that are not paid through us or imposed by us.

 For more information on the charges applied to these funds please see the document "How we manage our unit-linked funds".

Withdrawals and closing the Family Bond

The Family Bond can be cashed in at any time by completing a withdrawal form, which is available by contacting us (but please see the section on cashing in your Bond early on page 18).

Your units will be sold the working day after your form is received.

If you send us a withdrawal form that cannot be processed until a future date (eg where the Bond has not yet reached the end of its payment term), it will be processed using the unit price on that future date (or the next working day if the "future date" is not a working day).

The withdrawal amount will be paid by direct credit into a bank or building society account from which we have been collecting payments or by cheque which will be made out in your name and sent to the address we hold for you. The withdrawal amount will be sent within four working days of the day the units are sold.

Any payments which have not cleared when we process a withdrawal request will be forwarded to you separately as soon as they have cleared. Payments take up to 10 working days to clear.

The Family Bond will mature on your 85th birthday. If it has not already been cashed in by this date, the Bond will cease and we will cash in your units. We will hold the proceeds for you until we receive the relevant form which can be obtained by contacting us.

If we need to request identification after receiving a request to sell units, we will sell those units within the normal timescales stated above and hold onto the proceeds until acceptable identification has been received.

We may also decide to close your Bond if:

- we find out that you have exceeded the payment limits for TESP; or,
- exceptional circumstances, such as fraud, occur.

Cashing in your Family Bond early

In its first year, the Bond will have no cash-in value.

From year two to the Bond's 10th anniversary, the amount paid if you cash it in will be the current value minus a £50 early surrender charge. This £50 charge will not be deducted if we have already deducted £50 because the Bond has been made "paid up".

If you cash in your Bond before its 10th anniversary or before a full 10 years' worth of payments have been made, you may have to pay tax on any growth.

Death

When you open a Family Bond you can nominate a person (a payee) who will receive the proceeds in the event of your death.

This is a way of paying out the proceeds of friendly society policies quickly, where those proceeds are not greater than £5,000 per member, without the need to wait for probate.

The payee can keep this money if it is due to them under the terms of your will or, if there is no will, under the laws of intestacy. If no nomination has been made then the proceeds will be passed to your executor or administrator.

The Family Bond's tax benefits will stop on death.

The working day after we are notified of the death, the Bond will be switched into our Safety First Fund.

We will cash in your units and close your Family Bond on the working day after we receive all the documents we have requested, which must include proof of the death.

Any growth on the investment after the date of death until the date of closure will be subject to Income Tax.

What is probate?

Probate is the court's authority, given to one or more people, to administer a deceased person's estate.

Moving overseas and commutation

If you move overseas you can either:

- continue to make your payments through a UK bank account; or,
- make a single payment that will cover all future payments (commutation).

If you decide to commute your Bond, you can do this no earlier than one month before the time you intend to leave the UK.

You can also commute your Bond:

- when 50% of the term to maturity has been completed (or 10 years, whichever is less); or
- if the lump sum used to commute the Bond comes from the proceeds of an existing TESP issued by either us or the Post Office Insurance Society (a division of Family Assurance Friendly Society Limited).

Data protection

How do we obtain information about you?

As well as receiving information from you directly, we also receive information about you from third parties.

How do we use your information?

We use your information to provide you with a high quality service. For example, we use your information to identify you and maintain records of the Family Bond and to answer your queries.

We may also use your data to inform you about carefully selected services offered by Family Investments or any of the selected partners we work with.

Security of your data

We will not ask for, nor keep, unnecessary information about you.

The data we hold on you will be kept securely and will be up to date and accurate. To help us with this, you must inform us if you change your personal details.

We will keep records of your Bond securely after our business relationship with you has ended. This is so that we can deal with any queries from you or a third party.

Who do we share your data with?

- People you have directly asked us to share your information with or people who we believe are acting with your consent
- Third party credit reference agencies so we can complete anti-money laundering checks
- Companies which process data on our behalf

- Legal, tax or regulatory authorities at their request
- Subsidiaries or partners for marketing purposes


Your rights

You have the right to request a copy of the personal information that we hold on you and the reason we are holding it. To request this information you will need to write to us. We will provide you with this information within 40 days. This is normally provided as a photocopy or computer print out. We may charge you for this information. Currently, this can be no more than £10.

You can contact us in writing at any time to tell us to stop using your information for marketing purposes.

Contact us in writing if you believe that the way we use your information might cause you damage or distress. If so, we will stop using the information for this particular purpose.

Sometimes we use automated software to process information about you or to make decisions which affect our relationship with you. If you are not happy with this please contact us in writing. You have the right to be informed when this kind of automated decision takes place.

 For further general information regarding data protection and your rights you should refer to the Information Commissioner website www.ico.gov.uk or call their helpline 0303 123 1113.

General terms

Security

You must make sure that the personal details we hold about you are kept up to date, and that arrangements for receiving mail at your address are secure.

You must check any statement carefully and tell us promptly if you think it contains any errors. You must tell us promptly if you think we have made any other mistake in operating the Bond.

You must tell us immediately if you know, believe or suspect that the security information we have recorded for you has been compromised, or if you believe that a withdrawal has been made from the Bond that you did not authorise.

If you act fraudulently or without reasonable care, you may be responsible for any losses incurred as a direct result.

All instructions you send to us in writing must be signed.

Proof of identity

To comply with anti-money laundering legislation, we may need to verify your identity. This verification could happen at any time, including when an investment or a withdrawal is made.

We may use a credit reference agency to help us do this. By completing an application, you are agreeing for these checks to take place.

We may also ask for identification to be provided. If we do not receive adequate identification when asked, we may not be able to open a new Bond, accept payments and we may withhold the proceeds of any withdrawal.

If you provide false or inaccurate information at any time and fraud is identified, details can be passed to fraud prevention agencies. We and other


organisations may also access and use this information to prevent fraud and money laundering.

Your FSA categorisation and what this means

Our regulator, the Financial Services Authority (FSA), requires us to categorise all our customers.

We have categorised you as a “retail client”. This means you will get the highest level of protection available within the rules and guidance set out by the FSA.

Your eligibility to refer complaints to the Financial Ombudsman Service (FOS) or to claim compensation from the Financial Services Compensation Scheme (FSCS) is not determined by our categorisation.

 For more information, please contact either the FOS or the FSCS directly.

Corporate Governance

We are committed to complying with the UK Corporate Governance Code as relevant to mutual insurers. The code sets out good practice standards in terms of how we manage the company as well as the rights of our customers.

We believe that it is important for our directors to listen to the views of our customers and understand how they affect the running of our business. We invite you to talk to our directors and take an active interest in the governance of Family Assurance.

For more information, please go to the members information section of www.family.co.uk. You can also email us with feedback at members@family.co.uk or write to us at the Member Relations Team, Family Investments, 16-17 West Street, Brighton, East Sussex, BN1 2RL. These contact details should not be used for enquiries about your Family Bond.

Liability

If we cannot provide services because of something beyond our reasonable control (including strikes, industrial action, or the failure of equipment or power supplies), we will not be liable to you for any loss that you may suffer as a direct result.

We have no liability for any action we have taken, or not taken, in good faith unless there has been negligence by us. This does not restrict or exclude any liability that we may have by law or under the FSA Rules.

Important information

Family Investments is a trading name of Family Assurance Friendly Society Limited who are entered on the Financial Services Authority (FSA) register under Registration Number 110067. You can view the register at www.fsa.gov.uk.

This Family Bond is a Tax-Exempt Savings Plan and unit-linked endowment assurance policy.

The main business of Family Assurance Friendly Society Limited is providing friendly society tax-exempt savings plans.

The information in this booklet is based on our understanding of current law (including tax law), the FSA Rules and HMRC guidance. These could change in the future and could affect the benefits enjoyed by this policy.

These Terms and Conditions, together with the terms outlined in the Fund Information and Key Features sections of this booklet, along with the application form, form the Agreement between you and us.

The Family Bond will be issued under the Rules of Family Assurance, and Table XXVIII of the Tables of Contributions and Benefits of Family Assurance. None of the contents of this booklet forms part of, or varies, the Rules and Tables of Family Assurance. If you would like a copy of the Rules and Tables, please contact Customer Services.

The Family Bond is a qualifying policy within the meaning of Schedule 15 to the Income and Corporation Taxes Act 1988. No right may be exercised under any option contained in the Family Bond which would cause it, or any resultant Bond, to fail to qualify as above.

The law of England and Wales will apply to this Agreement, which will be written in English. We will always write and speak to you in English and all financial transactions will be in Pounds Sterling.

Changes to the Agreement

We will not make a change to the Agreement which is to your disadvantage before your policy has passed its 10th anniversary.

After the 10th anniversary, if we make a change which is to your disadvantage, we will notify you personally at least 30 days before we make the change. You will then be able to close your policy without incurring any financial penalty relating to the change for up to 60 days from the date of the notice.

We may, however, have to make changes to the Agreement to reflect changes to the law, or the FSA Rules, or HMRC guidance at any time during the life of the policy. These may be made without prior notice and the above two conditions may not apply.

We may make any other type of change immediately. We will tell you about these changes within 30 days, if the change is significant.



This document is available in large print, Braille or audiotape by phoning 0844 8 920 920. Lines open 9am-5.30pm weekdays and 9am to midday Saturday. Telephone calls may be monitored or recorded for training purposes. Calls cost 11.5p plus 3p per minute from a BT landline (correct at 01/04/2011). The cost of non-BT landline calls may differ.

The Family Bond is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (FTSE), the London Stock Exchange Plc (the Exchange) or The Financial Times Limited (FT). Neither FTSE, the Exchange nor the FT provide any indication or guarantee (including any warranty or representation) of the results that may be obtained from the FTSE4Good UK 50 Total Return Index and/or the figure at which this Index stands at any particular time on any particular day. The Index is compiled and calculated by FTSE. Neither FTSE, the Exchange nor the FT will be liable to any person for any error in the Index or be under any obligation to advise anyone of any such error. FTSE® is a trade mark of the Exchange and the FT and is used by FTSE under licence.

Contact Us

Phone 0844 8 920 920

9am to 5.30pm Monday to Friday

9am to midday Saturday

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The cost of non-BT landline calls may differ.

www.family.co.uk

Family Investments

16-17 West Street

Brighton

BN1 2RL

Useful contacts

The Financial Services Authority (FSA)

FSA helpline

0845 606 1234

FSA website

www.fsa.gov.uk

The Financial Ombudsman Service (FOS)

South Quay Plaza,

183 Marsh Wall,

London E14 9SR

Telephone

0800 023 4567

e-mail

complaint.info@financial-ombudsman.org.uk

Website

www.financial-ombudsman.org.uk

Money Advice Service

Telephone

0300 500 5000

Website

www.moneyadvice.service.org.uk

Financial Services Compensation Scheme

7th Floor Lloyds Chambers,

1 Portsoken Street,

London E1 8BN

Telephone

0800 678 1100

Website

www.fscs.org.uk

Family Investments does not provide advice. If you have any doubts about the suitability of this product you should seek independent financial advice.

Family Investments is a trading name of Family Assurance Friendly Society Limited (Incorporated under the Friendly Societies Act 1992, Reg. No. 939F), which is authorised and regulated by the Financial Services Authority (25 The North Colonnade, Canary Wharf, London E14 5HS). Registered in England at: 16-17 West Street, Brighton, East Sussex, BN1 2RL, United Kingdom. All information contained in this document is correct as of printing June 2011.

Please read the 'How to complete this form' instructions overleaf and then complete all relevant sections. You must be 16 or over to apply.

For more information

0800 731 7433

For Office use only.

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Please complete in BLOCK CAPITALS in BLACK INK.

1. Your details (about you, the applicant)

Title Complete your first name in full Surname

Gender Date of birth

Address

Postcode

Daytime phone

Evening phone

E-mail

Nominated payee in the event of my death
 Full Name required.
 Payee must be age 16 or over.
 (see notes overleaf)

2a. How much do you want to save?

(Choose one option only.)

Monthly (maximum £25, minimum £15) or Yearly (maximum £270, minimum £165 in steps of £5)
 £ or £

2b. How long would you like to save for?

(you must save for at least 10 years, up to a maximum of 25 years)

years

Direct Debit collection date

Complete required collection date, please note that Direct Debit payments can ONLY be collected between 1st and 28th of the month.

2c. Which fund would you like to invest in?

(choose one option only. For more information about these funds please read all the enclosed information carefully.)

Sovereign Fund Family Charities Ethical Exempt Fund

Data Protection: The information that you provide on this form will be held by Family Assurance Friendly Society Limited and used for general business purposes and, in particular, to set up and administer the policy for which you are applying. Family Investments or companies with which it has a business relationship may later contact you using the details you supplied to provide you with details of other products and/or services which may be of interest to you. Please tick the boxes below as appropriate:

Please do not mail me Please do not call me I would like to receive information via e-mail

3. Signature of applicant (see 'Conditions of declaration' overleaf. Remember to sign the instruction below too.)

I have been provided with a copy of the booklet 'All you need to know about the Family Bond' and understand the importance of reading it as it contains the terms and conditions of the Agreement between myself and Family Assurance Friendly Society Limited. I hereby apply to Family Assurance Friendly Society Limited for an endowment policy known as a Family Bond. I comply with the 'Conditions of declaration' overleaf. The Society reserves the right to make authentication checks on the name and address of the applicant for the purpose of compliance with anti-money laundering legislation. We may use a credit reference agency to help us do this and by signing the application form you are agreeing to such checks.

X Signature:

X Date:

20305 002 07.2011

4. Instruction to your Bank or Building Society to pay by Direct Debit (refer to instructions overleaf)



Please fill in the form and send to: Family Investments, 16-17 West Street, Brighton, East Sussex BN1 2RL

To the Manager
 A. Name and full address of your Bank/Building Society branch

B. Name(s) of account holder(s)

C. Sort code - -

D. Account number

E. Service User No.

F. Instruction to your Bank/Building Society
 Please pay Family Assurance Friendly Society Ltd Direct Debits from the account detailed on this instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand that this instruction may remain with Family Assurance Friendly Society Ltd and, if so, details will be passed electronically to my Bank/Building Society.

Remember to sign this instruction
 Signature **X** Date **X**

Banks/Building Societies may decline to accept instructions to pay Direct Debits from some types of accounts, such as a savings account.

G. (Office use only) Service User's Reference (maximum 18 characters)

How to complete this form

- Complete sections 1 and 2.
- Sign section 3.
- If you are paying by Direct Debit, please complete and sign section 4. Please do not detach. See notes below for further guidance.

How to pay Monthly or Yearly

1. Please complete the Direct Debit instruction. You must hold a Bank/ Building Society account and your cheque book will provide all the relevant account details. Please check that your account is suitable for Direct Debits - for example, payment cannot be made from a savings account.
2. If you require Direct Debit collection on a specific date, please indicate overleaf. However, please note that payments can only be debited between the 1st and 28th of each month. Please be aware that in the first month there may be two payments collected.

How to complete your Direct Debit instruction

Please remember to sign and date the Direct Debit as well as the application form.

5. Instruction to your Bank or Building Society to pay by Direct Debit (refer to instructions overleaf)

Please fill in the form and send to: Family Investments, 16-17 West Street, Brighton, East Sussex BN1 2RL

To the Manager

A A. Name and full address of your Bank/Building Society branch

B B. Name(s) of account holder(s)

C C. Sort code

D D. Account number

E E. Service User No. 997174

F F. Instruction to your Bank/Building Society

Please pay Family Assurance Friendly Society Limited Direct Debits from the account detailed on this instruction subject to the safeguard assured by the Direct Debit Guarantee. I understand that this instruction may remain with Family Assurance Friendly Society Limited and its details will be passed electronically to my Bank/Building Society. Remember to sign this instruction

Signature _____ Date _____

F X Banks/Building Societies may decline to accept instructions to pay Direct Debits from some types of accounts, such as a savings account.

G G. (Office use only) Service User's Reference (maximum 18 characters)

- A - Enter the full name and address of the Bank/Building Society where your account is held
- B - Enter the account holder(s) name(s)
- C - Enter your sort code number
- D - Enter your account number
- E - Pre-printed by us
- F - **IMPORTANT - please sign and date the Direct Debit instruction.**
- G - To be completed by us

About the nominated payee

1. A nomination does not affect the entitlement of any beneficiaries. It is a mechanism to pay out proceeds of up to £5,000 from friendly society policies quickly, without the need to wait for probate. In the event that a nomination is not made, proceeds will generally be paid out to the personal representatives of the deceased. It is the responsibility of the nominated payee to ensure that any policy proceeds reach the current beneficiary / beneficiaries, although often the payee is also the beneficiary. Policy proceeds are included in the estate of the life assured / policy holder for inheritance tax purposes (unless ownership of the policy has been separately assigned).
2. Children under the age of 16 cannot receive payment of policy proceeds. A child aged 15 or under should therefore not be nominated as a payee.
3. Where the applicant marries or remarries, the nomination is automatically revoked and a new payee should be nominated. The Society is protected, by law, against any payments made to original nominated payees where it has not been notified of a marriage.
4. The full name of the payee should be specified on the application form.
5. A nomination can be changed or cancelled at any time.

Conditions of declaration (please refer to Section 3 overleaf)

For the purposes of the declaration, the term 'applicant' refers to the person in whose name the policy is held.

The Family Bond policy will be issued subject to the following condition:

The applicant does not currently hold tax-exempt policies with a friendly society where payments are still being made and which, when combined with this Bond, result in a total payment per person of more than £25 per month or £270 per annum.

The above information is fundamental to the contract between the applicant and Family Assurance Friendly Society Limited. Note that the condition above is a prerequisite of tax-exempt status for a Family Bond.

The declaration must be signed overleaf. Copies of the completed application form are available on request.

Changes in name

If you hold or have held a policy with us previously and your name has changed, we will require documentary evidence before the new bond can be set up. Please call us on 0800 731 7433 for more information. Calls may be monitored and recorded for training purposes.

Additional application forms

If you require additional application forms, simply use the box/es below to indicate the number of forms you require. Or call us on the telephone number overleaf.

Family Bond (adult) Junior Bond (for children aged under 16 years)