

keyfacts®

LEGAL & GENERAL PORTFOLIO BOND (IPS)

KEY FEATURES.

This is an **important document**. Please keep it safe for future reference.



WHAT ARE KEY FEATURES?

The Financial Services Authority is the independent financial services regulator. It requires us, Legal & General, to give you this important information to help you to decide whether our Portfolio Bond 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.

BEFORE YOU START READING

We aim to use plain language that's easy to understand. To keep the **Key Features** simple, we've placed explanations of the most common investment terms in the fold-out glossary at the back. You may find it helpful to go to the back of this document now and open the glossary. It's been designed so you can refer to it while reading the rest of the document. The glossary terms are highlighted in **blue** whenever they appear in the main text.

Key Features give you the basic information you need to know about the Portfolio Bond before you buy. It's a good place to start when considering an investment because the information is easy to understand and makes comparing products simpler. These **Key Features** should be read together with your **Illustration** and the **Funds key features**. Detailed information is provided in the **Product Guide**, which we will send to you after you start the **bond**. Alternatively, you can request a copy from your adviser now.

i

FINDING OUT MORE

At some points we've included clear signposts (using the **i** symbol shown alongside) which direct you to more detailed information elsewhere.

Keep an eye out for these signposts. If you'd like to see any of the other documents before investing, please ask your adviser.

LEGAL & GENERAL'S PORTFOLIO BOND AT A GLANCE.

- It's an investment for lump sums of £5,000 or more.
- There's a wide range of **assets** and **funds** to invest in.
- There's no fixed term, but you should aim to invest for at least five years, ideally longer.
- You can leave your money to grow, or use it to provide you with an **income**.
- You can cash in all or part of it at any time.
- Please note that it doesn't provide any guaranteed benefits.

KEY FEATURES OF LEGAL & GENERAL'S PORTFOLIO BOND.

ITS AIMS

- To grow your investment over five years and more.
- To give you the option of taking an **income**.

YOUR INVESTMENT

- When you make an investment it's important that you view the performance over the medium to long term.
- Investments go up and down in value, and the effects of these fluctuations can be exaggerated over short periods of time.
- You should be prepared to leave your money invested for at least five years, and ideally not tie yourself to a particular end date.

RISKS

General

- You could get back less than you invest.
- The amount of money you get back is not guaranteed.
- You might get back less than is shown in your **illustration** because:
 - your investment could grow slower
 - the charges may be higher
 - you might take more money from the **bond**
 - you may move your investment into other **funds** with higher charges.

If you choose to cancel your investment in the first 30 days, you may get back less than you invested.

Fund risks

- There are specific risks relating to the **funds** you can invest in. Those applying to your chosen **fund** are set out in the accompanying **Funds key features**.
- Each **fund** has its own annual fund charge. The amount that applies to your chosen **fund** is shown in your **illustration**. This charge may change in the future.
- If you invest in an **external fund**, your entitlement to compensation may be reduced. See the **Compensation Scheme** section on page 12 to understand the potential implications.



The Financial Services Authority provides free and independent information about investments.



You can find out more about investment risk at:

www.moneymadeclear.fsa.gov.uk/products/investments/investments.html

QUESTIONS AND ANSWERS.

IN THIS SECTION we've laid out some commonly asked questions with their answers. If you'd like to know more about any particular aspect of the bond, the **Product Guide** may be able to provide you with more information. Your adviser will also be happy to help answer any specific questions you may have.

WHAT DO YOU DO WITH MY MONEY?

- You and your adviser decide where your money is invested when you choose your **fund**.
- Each **fund** is divided into **units** of equal value and shared out among all of the investors in that **fund**. Your share of a **fund** is the number of **units** we buy for you.
- The number of **units** we buy depends on how much you invest, your **allocation rate** and the **unit price** when we buy the **units**.
- Your **allocation rate** is the percentage of your investment we use to buy **units**. The percentage depends on the age of the person named and the amount of your investment.
- Your **bond** consists of a series of identical contracts called **policies**. Your **units** are held in these **policies** to give you choices as to how you take money out.
- You can set the **bond** up in your name, or you can choose to name up to six lives assured. This is important if you would like others to continue to benefit from the investment after your death. See the section headed **What happens if I die?** on page 8 for more details.

i For a full list of the **funds** available, please see the accompanying **Funds key features**.

Your **Illustration** shows your chosen **fund** and the **allocation rate** we'll use to buy your **units**.

For more details of **units**, **unit prices**, **allocation rates** and who can be named and own the **bond**, please see the **Product Guide**.

WHAT FLEXIBILITY IS THERE AFTER I INVEST?

- You can:
 - keep your investment for as long as you like
 - cash in all or part of it at any time
 - switch your money between **funds**
 - use the **bond** to provide you with an **income**, with the flexibility to alter it if your needs change
 - add additional lump sums.

i For more details of the flexibility of the **bond**, limits and charges please see the **Product Guide**.

NOTES

- The **unit price** applicable to a **fund** depends upon the value of the **assets** the **fund** invests in, the costs involved in buying and selling those **assets** and the amount of money going into and coming out of the **fund**.
- The value of your **bond** is based on the number of **units** you hold in a **fund** and the **unit price** applicable to those **units**.
- The people in whose name the **bond** is set up, do not necessarily own the **bond**.
 - One of the people named on the **bond** must be aged 89 or less at the time of the investment.
 - All people who own the **bond** must be 18 or over.

NOTES

- Some **funds** have higher charges than others, so if you switch to another **fund**, you may be charged more.
- You can add to the **bond** in the future provided our investment terms at that time allow it.
- There's currently a maximum of five additions over the term of your **bond**.

WHAT MIGHT I GET BACK?

- When you take out your **bond**, you're given an **Illustration** that states the effect of charges and gives you a guide to what you might get back.
- The amount you actually get back when you cash in your **bond** will depend on:
 - the performance of the **assets** in the **fund** that you and your adviser have selected
 - how much money you've taken out previously through cashing in or taking an **income**
 - the charges you've paid on your **bond**.

See the section headed **What are the charges?** on page 9 for more information about charges.

i For details of how we manage our **funds** and calculate **unit prices**, please ask for a copy of our **A guide to how we manage our unit-linked funds**.

HOW CAN I TAKE MONEY OUT?

- You have three options. You can:
 - cash in part of your investment
 - cash in all of your investment
 - take an **income** in a variety of ways, which may be tax efficient.

i For more details on how you can take money from your **bond**, the options available and conditions that apply, please see the **Product Guide**.

WHAT HAPPENS IF I DIE?

- It depends on whose name you set the **bond** up in (as explained in the **What do you do with my money?** section on page 7).
 - If the **bond's** set up in your name only, it ends.
 - If you set up the **bond** in the name of more than one person, the **bond** ends on the death of the last to die.
- When the **bond** ends, we pay out 102% of the full value of **units** if it's in the first 10 years of your investment, 101% thereafter.

NOTES

- The value of your **bond** will go up and down.
- If you choose to take an **income**, the amount you receive could go up or down and will affect the amount remaining invested in your **bond**.
- There may be an early surrender charge. See the **Early surrender charge** section on page 10 for more information.
- We'll pay you a loyalty bonus if you keep your **bond** for 10 years, as shown on your **Illustration**.

NOTES

- There are some conditions that apply to taking money out.

NOTES

- You can put the **bond** into somebody else's name but still own the investment. Ask your adviser for details.
- No early surrender charge applies on death.

WHAT ARE THE CHARGES?

- The charges that apply, including the amount and the effect of them, are shown in your **Illustration**. Further details of each charge are shown below.
- Charges are made to cover various costs involved in setting up and managing your **bond** such as:
 - the day to day management of your chosen **fund**
 - administration
 - the costs of buying and selling **assets**
 - payment to Nationwide Building Society.

Annual fund charge

- The annual fund charge covers our costs and, where you choose an **external fund**, that company's costs for managing the **fund** as well. It also includes payments to a company called Cofunds Limited, who provide us with administration and technology to support the Investor Portfolio Service.
- The charge varies by **fund**. Your **Illustration** shows the current charge for your chosen **fund**.
- Additional expenses are incurred when managing a **fund**. The additional expenses are taken into account in your **Illustration**.

i For more details about the annual fund charge and additional expenses, and how they're applied please see the **Product Guide**.

There are a number of ways you can find out the current annual fund charge for all **funds**.

You can:

- Go to our website at **www.legalandgeneral.com**
- Ask your adviser for the most recent version of our **Funds key features**
- Contact us. Details are shown in the **How can I contact you?** section on page 11.

NOTES

- Annual fund charges and additional expenses are reviewed regularly and can change at any time.
- We'll tell you what the current annual fund charge is for the **fund** you're invested in at least once a year.
- The annual charge is taken into account when calculating the **unit price** of each **fund** so you'll not see a specific deduction from your **bond** for this charge.

OTHER CHARGES

Initial charge

- There's an initial charge if the **allocation rate** shown on the first page of your **Illustration** is less than 100%.

i For more details about the initial charge and **allocation rates** please see the **Product Guide**.

Early surrender charge

- Your **Illustration** shows the amount, the length of time it will apply for and effect of this charge, in the **What will the charges be?** section. It's referred to as a 'Reduction in cash value'.

i For more details about early surrender charges, please see the **Product Guide**.

i For more details about any of the above charges and how they may apply to your **bond** please see your **Illustration** and the **Product Guide**.

WHAT ABOUT TAX?

- The **funds** within the **bond** are subject to tax on investment income received and on capital gains. Legal & General pays this tax and you cannot reclaim it.
- Money taken from your **bond** is free of personal income tax at the basic rate. It's also free of capital gains tax.
- You may have to pay some income tax if:
 - you take money from your **bond** above certain limits or you cash in any of your **bond** whilst you're a higher rate tax payer
 - you become a higher rate tax payer due to the money you receive from your **bond**.

i It's possible to take money from the **bond** in a tax efficient way. How much tax you pay on the money you take out of your **bond** depends on your individual circumstances. Your adviser will be able to provide you with advice on the best way to take money out.

Before you take money from the **bond** or talk to your adviser about it. We suggest you read the **Product Guide** for more details of the tax treatment of the **bond**.

NOTES


- The early surrender charge doesn't apply to regular amounts you take from the **bond** to provide you with an **income**.

NOTES

- This tax information is given based on our understanding of current tax law relating to life assurance contracts. Tax law may change in the future.
- If you die, the people who inherit your **bond** may have to pay some income tax. They may also have to pay inheritance tax if you haven't put the **bond** into a **trust**. Your adviser will be able to help you to do this if it's appropriate for you.
- If you're eligible for Any Age Allowance, Working Tax Credit or Child Tax Credit your allowance may be reduced if you take money out. This could increase your tax bill.


CAN I CHANGE MY MIND?

- After you invest, we'll send you a cancellation form. If you change your mind about investing in the **bond**, complete the form and send it to the address in the **How can I contact you?** section below, within 30 days of receiving it.
- You can still cancel your investment after the 30 day cancellation period but please note that there may be an early surrender charge, as explained on page 10 and your money is subject to the risks described in the **Risks** section on page 5.

 For more details of how we calculate the amount we refund, see the **Product Guide**.

HOW DO I FIND OUT HOW MY INVESTMENT IS DOING?


- We'll send you a statement with the value of your **bond** at least once a year.
- You can ask for a valuation or additional statements from us at any time.

 You can check the value of your **bond** yourself by looking up the **unit price** for each **fund** at www.legalandgeneral.com or call us on the number shown below. To calculate the value of your **bond** simply multiply the number of **units** you hold in each **fund** by the **unit price**. Please note this will not be the cash in value in the first five years from the date of your investment due to the early surrender charge described on page 10.


HOW CAN I CONTACT YOU?

Your adviser will normally be able to help you with any questions you have about the **bond** that are not answered in these **Key Features** or the **Product Guide**.

If you'd like to ask us anything, please do. You can contact us using any of the following:

 **Call us on 0845 272 0089**
Call charges will vary. We may record and monitor calls.

 **Email us at: investor.portfolio.service@legalandgeneral.com**

 **Write to us at:**
Legal & General Group plc, The Investor Portfolio Service,
PO Box 1112, Chelmsford CM99 2UX.

NOTES

- You will not get back more than you invested in the **bond**.
- If there's been a fall in the investment value of the **bond**, your refund will reflect this.

OTHER INFORMATION.

ABOUT LEGAL & GENERAL

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. As at 31 December 2009, we were responsible for investing £334 billion worldwide on behalf of investors, policyholders and shareholders. We also had over 7 million customers in the UK for our life assurance, pensions, investments and general insurance plans.

LAW AND LANGUAGE

This contract is governed by English Law. All customer communications are only available in English. All communications from us will normally be by letter or telephone.

OUR REGULATOR

We're authorised and regulated by the Financial Services Authority. We're entered on their register under number 117659. You can check this at www.fsa.gov.uk or telephone them on 0300 500 5000.

COMPENSATION SCHEME

We're covered by the Financial Services Compensation Scheme ('the scheme'). You may be entitled to compensation from the scheme if we can't meet our obligations. This depends on the type of business and the circumstances of the claim.

Currently 90% of the value of the valid claim is covered by the scheme.

It's important to understand that if you choose to invest in an **external fund**, your investment will actually be held in a Legal & General life **fund**, not directly in the fund underlying the **external fund**.

This means if you invest in an **external fund** and the company managing the **fund** is unable to meet its obligations, you don't have the right to take action or seek compensation from that other company.

In addition, our rights to recover losses caused by breaches by a company managing an **external fund** may not be as extensive as your rights would be if you invested directly in the underlying **fund**.



You can get more information about the scheme at www.fscs.org.uk

HOW TO COMPLAIN

If you'd like to complain about any aspect of our service, or would like us to send you a copy of our internal complaint handling process, please contact us. Our details can be found in the **How can I contact you?** section on page 11.

Any complaints we can't settle can be referred to the:

Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Making a complaint will not affect your legal rights.

CLIENT CATEGORISATION

The financial services regulators require us to put our customers into groups so that we can treat them according to their level of knowledge about investments.

These groups are:

- Retail client
- Professional client or;
- Eligible counterparty.

We treat all customers who invest in our **bonds** as retail clients. This gives you the greatest level of protection under the regulations and ensures you get full information about any products you buy.

If you know a lot about investments, maybe because you work in the industry, you can be treated as a professional client or eligible counterparty under the regulations. This won't affect the way we deal with you but it may affect your ability to refer complaints to the Financial Ombudsman Service or to make a claim under the Financial Services Compensation Scheme.

CONFLICTS OF INTEREST

During the term of your investment conflicts of interest may arise between you and us, our employees, our associated companies or our representatives.

A conflict of interest is where our duties to you as a customer may conflict with what's best for ourselves. To ensure we treat customers consistently and fairly, we have a policy on how to identify and manage these conflicts.

A copy of the policy is available on request from the address shown in the **How can I contact you?** section on page 11, or from our website at www.legalandgeneral.com/legal-security

REMEMBER, IF YOU'RE UNSURE ABOUT ANYTHING, PLEASE ASK.

While we do everything we can to keep our products simple and explain them clearly, we recognise that there is a lot to understand. If you have any questions at all about the bond, please ask your adviser or contact us using the details on page 11.

GLOSSARY.

**AN EXPLANATION OF SOME COMMON TERMS USED
IN THESE KEY FEATURES CAN BE FOUND OVERLEAF.**

You can keep the glossary open for easy reference while you read.

GLOSSARY.

Allocation rate	The percentage of your money that's used to buy units .
Assets	The investments that make up a fund . For example, shares or cash.
Bond	The Portfolio Bond from Legal & General. It's a lump sum life assurance contract used for investment purposes.
External fund or funds	A fund managed by a company other than Legal & General.
Fund or funds (also known as 'unit-linked fund')	A collection of assets that the bond can be invested in. These assets may be managed by Legal & General or other investment management companies. Where we refer to 'fund' in this document it can mean fund or funds.
Illustration	A document that forms part of these Key Features that provides a guide to how much you might get back from your investment. It's based on a number of example investment growth rates and reflects the charges you may pay over the time you're invested. It assumes that charges will remain at their current level and your fund selection and any income remain unaltered throughout the term of your bond .
Income	Where income is used in this document we're referring to regular payments made from your bond that are used to provide you with an income.
Policies	A series of identical insurance contracts. Each policy has its own unique number and can be individually recognised. As a group, the policies make up the bond .
Trust	A legal arrangement that allows investments or property to be held for the benefit of someone else without giving them full control of it.
Units	A unit is a share of a fund . Each fund is split into a series of units. The number of units you hold is your share of the fund .
Unit price or prices	A price calculated each working day that is used to value units .
Working day	Any day from Monday to Friday inclusive, excluding English public holidays.



www.legalandgeneral.com

Legal & General Assurance Society Limited

Registered in England No.166055

Registered office: One Coleman Street, London EC2R 5AA

We are authorised and regulated by the Financial Services Authority.
We are members of the Association of British Insurers.

Q23110 05/11 Approved 04/10 H110917 P726