



# Summit

the loyalty bond



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## Introduction

Since 1978, Friends Provident International Limited (Friends Provident International) has been continually adapting to the changing demands of individuals and companies around the world. Our award-winning range of investment and insurance products is designed to be flexible enough to suit both local residents and expatriates.

Friends Provident International is part of the Friends Life Group plc, one of the UK's most prestigious and pioneering financial organisations. Founded in 1810, the Group has £114 billion funds under management (as at 31 December 2012) and over five million customers worldwide (03 March 2013).

### Why invest in Summit?

Wouldn't you like to be rewarded for your loyalty? With Summit, our unit-linked investment plan, we'll give you a bonus the longer you leave your money with us. Yet at the same time you can get penalty-free access to most of your capital whenever you need it. It's the perfect combination for investors with at least the following amount to invest:

- USD 37,500
- GBP 25,000
- EUR 37,500
- HKD 375,000

Here's a quick view of what Summit can offer you:

- Access to 90% of your premium from the start\*
- Opportunity to earn an annual loyalty bonus from your third year
- No initial charge – 100% of each premium is invested
- Wide range of funds managed by investment specialists
- Potential for tax-free investing
- Free fund switching\*\*
- Choice of plan currency
- Ability to add to your plan at any time
- Life assurance with 101% death benefit
- Comprehensive range of trusts

\* Your withdrawals may be restricted by a minimum total plan value and minimum withdrawal amount (see page 9).

\*\* We do not currently charge for any switching of units between funds. This may change in the future but we will always write to advise customers at least three months prior should anything change.

## An investment that makes the most of international opportunities

As a unit-linked life assurance plan, Summit is specially designed to allow access to international investment opportunities accessed through our wide range of mirror funds. Friends Provident International has created these mirror funds exclusively for our clients to invest in (see page 7).

However, please remember investment involves risk. Fund prices may go up and down depending on underlying investment performance, and the value of your investment cannot be guaranteed.

### Why choose Summit?

The main benefits of Summit are:

1. **Access to your capital** – Summit allows you to withdraw up to 90% of your premium penalty-free from the start. Your withdrawals may be restricted by a minimum total plan value and minimum withdrawal amount (see page 9).
2. **Loyalty Bonus** – Summit has an annual bonus paid as additional units into your plan on the third anniversary of the date you took the plan out, and on every anniversary after that.

The bonuses are:

Number of complete years since the commencement date, or the additional premium commencement date, as appropriate	Loyalty Bonus % of value
3 to 5	0.50
6 to 10	0.75
11 plus	1.00

If you take withdrawals they will reduce the value of your plan. This means your Loyalty Bonus will also be reduced.

For example:

A customer invests an initial premium of USD 75,000. On the fifth anniversary of the plan she will receive a Loyalty Bonus of 0.5% of the value. If the value is USD 90,000 she will receive extra units valued at USD 450 (0.5% of USD 90,000). If she had taken a withdrawal of USD 10,000 the day before and the value was reduced to USD 80,000 on the anniversary, the bonus would be USD 400 (0.5% of USD 80,000).

3. **Professional investment specialists** – Summit gives you access to a wide range of mirror funds managed by some of the world's leading fund managers.
4. **Tax-free investing** – the funds you invest in are exempt from income tax and capital gains tax. Corporation tax is deducted at source.
5. **Security** – Friends Provident International's Isle of Man location means it is protected by comprehensive legislation, which provides an exceptionally high degree of regulation and security.

6. **Fund pricing** – there is no difference between the price you buy units at and the price you sell them at. All transactions in Summit are carried out using the bid price. So more of your money is free to work for you.
7. **Free fund switching** – you have the freedom to switch in and out of funds as often as you wish (currently without charge). This means you have greater flexibility with your investment and can try to boost your capital as the market changes.
8. **Additional contributions** – you can pay additional contributions into your Summit plan whenever you like. The minimum additional contribution each time is USD 15,000 (or GBP 10,000; EUR 15,000; HKD 150,000). You will receive a Loyalty Bonus on your additional contributions.

For example:

A customer has an initial premium of USD 75,000 which she invests in Summit on 1st February 2012. A year later she invests another USD 15,000 on 1st March 2013. With Summit, she will receive Loyalty Bonuses each year from the third anniversary of the plan. For example, in 2018 she will receive a Loyalty Bonus of 0.75% on the value of the initial USD 75,000 premium on 1st February and in March of the same year she will also receive a further 0.5% Loyalty Bonus on the value of the top-up contribution she made.

9. **Death benefit** – Summit has a death benefit which will pay 101% of the surrender value of your plan, payable immediately after we have received the original policy documents and any other documentation we need. The surrender value of the plan is equal to the value less the surrender penalty of outstanding establishment charges.

In addition, Summit can be written jointly on up to four lives assured. In this case, the plan is held in place until the death of the last survivor, when the death benefit is payable.

## Mirror funds – access to a wide range of funds from around the globe

At Friends Provident International we provide access to a wide range of funds known as mirror funds. They invest in all the major asset classes, industry sectors and geographic regions. The concept is simple; agreements have been set up with investment houses worldwide allowing us to link to funds we have chosen on the basis of performance potential and investment expertise. For each fund link we arrange with the investment houses, Friends Provident International has set up its own mirror fund which invests solely in the underlying fund, apart from a proportionately small amount which may be held as cash.

Choosing the right mirror funds to invest in is a very important decision, because their future performance will determine whether or not you will be able to meet your long-term goals.

### **Fund Centre – your online resource for our mirror funds**

Fund Centre provides you with all the information you require, such as fund prices, performance data and risk ratings, in an easy to use format. With a sophisticated range of tools you are able to focus your research and analysis on only the funds that interest you.

You can access the Fund Centre by visiting [www.fpinternational.com/fundcentre](http://www.fpinternational.com/fundcentre).

### **What does unit-linked mean?**

To help us calculate the progress of your investment, each of our funds is divided into 'units'. On each valuation day the net value of the underlying assets (net means after deductions for any charges) and any accumulated income is reflected in the price of the units: this is the bid price. By multiplying the relevant bid price by the number of units, you can calculate the progress of your investment at any given time. When you invest into the plan, your premium will be used to buy units in your selected fund(s) at the bid price on the next dealing day after your payment has been received and cleared.

## Understanding risk

It's important to establish your attitude to risk before you start investing to ensure that the funds you choose are right for you. As far as investing in funds is concerned, risk tends to be associated with potentially higher volatility: the higher the risk levels, the more likely the value of a fund may go up and down on a day-to-day basis.

Your financial adviser will be able to help you choose the right combination of funds to suit your investment requirements and individual circumstances, all at a level of investment risk that you are comfortable taking.

Each of our funds has been allocated a 'risk rating' (see below) to demonstrate this. Our online factsheets show the risk rating for each fund.

Friends Provident International Mirror Fund Risk Ratings	
<b>Grade 1</b>	Funds offering conservative return similar to money market rates.
<b>Grade 2</b>	Low risk funds offering security and potential growth.
<b>Grade 3</b>	These funds take a balanced approach to investment by holding a diverse portfolio of assets.
<b>Grade 4</b>	A more focused asset exposure provides good growth potential with the risk of short-term volatility.
<b>Grade 5</b>	These aggressive funds balance the risk of high volatility with the potential for high capital growth.

## How Summit works

If you are interested in investing in Summit, the first step is to talk to your financial adviser about your investment needs, and then read the following product details. Further information is available in the Summit Technical Guide, copies of which are available on our website and from your financial adviser.

### **What is the minimum amount?**

You will need the following if you want to invest in Summit:

- USD 37,500, or
- GBP 25,000, or
- EUR 37,500, or
- HKD 375,000

### **Making withdrawals from your investment**

All withdrawals on Summit are penalty free. You can make withdrawals as long as these rules are followed:

- 90% in total of your premium can be taken out during the first five years (from day one) and after that there is no limit.
- If an additional contribution is made, then you can take 90% of that contribution for the first five years after it is paid, and 100% after that.

Withdrawals will be taken from the oldest premium first.

- The value of your plan must not fall below the minimum total plan value as a result of a withdrawal.
- The withdrawal amount must be at least USD 750 (GBP 500, EUR 750, HKD 7,500).

### **What is the minimum total plan value?**

There is a minimum value which is the greater of:

- 125% of any outstanding establishment charges
- OR
- USD 15,000 (or GBP 10,000; EUR 15,000; HKD150,000).

You can make withdrawals or cash in a proportion of your money whenever you want, as long as the remaining value doesn't fall below this level and the amount is within your withdrawal allowance.



## Accessing your capital

### **Withdrawals**

As long as your plan has a value of at least the minimum total plan value, you can take regular withdrawals or cash in a certain amount of your units at any time you like. Each withdrawal must be at least USD 750 (or GBP 500, EUR 750, HKD 7,500).

You can cash in an amount while you are taking regular withdrawals. There is no maximum number of withdrawals you can take.

### **Full surrender**

If you decide to surrender the whole of your plan, then you will have to pay all outstanding Establishment Charges.

Summit does not have any other surrender penalty, no matter when you choose to end the plan.

## The charges you can expect on Summit

We try to keep the charges to a minimum so that you can make more of your money work for you. However, here are the charges that you can expect with Summit and under what circumstances.

### **Administration Charge**

This is currently 1.2% of the value of each fund each year, debited directly to the fund on each valuation day.

### **External Fund Charges**

The underlying asset which the mirror fund invests deducts an annual management charge. Details of this charge are available on our fund factsheets, please visit [www.fpinternational.com/fundcentre](http://www.fpinternational.com/fundcentre). This charge is reflected in the value of the mirror fund as part of the valuation process.

### **Establishment Charge**

A charge of 1.6% of the premium each year will be taken for the first five years only. This is taken as 0.4% each quarter by deduction of units from your plan. Establishment Charges will also be taken on each additional contribution.

### **Bid/offer spread**

There is no difference between the price you buy units at and the price you sell them at. All transactions in Summit are carried out using the bid price. This means that the investment in fund units is made at the ruling bid price on the next dealing day following crediting of your premium. So you won't have to pay any bid/offer spread.

### **Switching Charge**

Currently no charge is made, although we do reserve the right to impose a charge, upon three months' written notice to you, of up to 1% of the amount involved or USD 15, GBP 10, EUR 15 or HKD 150, if greater.

### A summary of charges

Charge	
Administration charge	1.2% of the value of each fund each year, debited directly to the fund on each valuation day.
Bid/offer spread	Nil.
Establishment charge	0.4% each quarter (1.6% each year) of the premium for five years.
Initial Charge	Nil. 100% of each premium is invested.
Withdrawals	Penalty free.
Full surrender	You'll need to pay a penalty equal to all outstanding Establishment Charges only.

Note: Friends Provident International reserves the right to change its charges at any time at its discretion, upon three months' written notice to you.

## Tax treatment

Friends Provident International is not liable to income tax, capital gains tax or corporation tax on its policyholders' funds. Some dividends may be received net of withholding tax, deducted at source in the country of origin, but once inside your plan they can accumulate free of tax. The personal tax consequences of investing in the plan will depend on many factors. You may have a personal tax liability in respect of the proceeds of the plan. This will largely depend on your country of residence. It is therefore important that professional guidance is sought before proceeding with an investment.

### **Important note for proposed policyholders who are planning to become, resident in the UK**

Friends Provident International is under a statutory obligation to report to the UK Inland Revenue certain events where benefits are received from the plan by a UK-resident individual, company or trust. For further information, please contact us or your usual financial adviser.

## How to apply for Summit

We want to make applying for Summit as easy and straightforward as possible. So once you have spoken to your financial adviser, it should be easy to do the rest.

### **Making sure you have independent advice**

If you do not have a financial or legal adviser, then we strongly recommend that you get one\*. They can help you decide whether Summit meets your current needs and they will be able to tell you if there are any currency, taxation restrictions and/or legislation that may affect your application.

### **Step-by-step application process**

**Step 1** Make sure you are eligible to apply for Summit. The plan is available to anyone who is 18 or over and not more than 79 and who is able to apply for an international investment. This means you should check with your financial adviser whether any taxation, exchange control or insurance legislation which exists in your current country of residence means you cannot take out an international life assurance plan.

**Step 2** Complete the application form (XIM9/A) your financial adviser gives to you. This form includes details of the ways in which you can pay your premium. Return the form to your financial adviser.

**Step 3** Make sure you have some form of identification such as a current valid passport, verification of your address and evidence of Source of Wealth (either originals or certified copies). Your financial adviser will provide you with more details of these. If your financial adviser submits a copy on your behalf, they must have seen the original document in person. They will not be able to certify any document you have faxed, or scanned and emailed, to them as a true copy of the original document.

**Step 4** After your premium has been received and cleared through our bank, subject to any additional requirements, your individual policy documents will be sent to you. Then once a year, we will send you a statement confirming your current investment holding.

\* Friends Provident International does not provide legal, taxation or investment advice. You should obtain advice that is independent and directly relevant to the specific legislation within your country of residence.

## How international investing can help you

Investing with Friends Provident International means you can enjoy a high degree of flexibility with your investment.

Our location in the Isle of Man means we pay no tax on underlying investment growth, ensuring maximum growth potential on your investment. Globally, the Isle of Man is ideally placed for international business and has a solid reputation for stability, security and protection.

Today, Friends Provident International is a leading international investment provider with a powerful range of specialist wealth management solutions. Add to this our strong relationships with global financial advisers, specialist technical expertise and excellent customer service and you have access to a powerful way of managing your money.

### Notes of caution

The law of the Isle of Man applies to all Summit investments, and the information given in this brochure is based on our current understanding of Isle of Man law and taxation practices (as at 03 March 2013) which may change in the future. No liability can be accepted for any personal tax consequences of this scheme nor for the effect of future tax changes or legislative changes.

All policyholders are protected by the Life Assurance (Compensation of Policyholders) Regulation 1991 of the Isle of Man, wherever their place of residence.

Investors should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposits accounts are unlikely to apply in the event of failure of such an investment held within insurance contracts.

Complaints we cannot settle can be referred to the Financial Services Ombudsman Scheme for the Isle of Man.

Some telephone communications with the Company are recorded and may be randomly monitored or interrupted.

Each Policy is governed by and shall be construed in accordance with the law of the Isle of Man. However, this will not preclude the right to bring legal action in a Hong Kong court. **If you effect a policy whilst resident in the United Arab Emirates, all disputes regarding the policy shall be subject to the non-exclusive jurisdiction of the courts of the United Arab Emirates.**

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Friends Provident International Limited

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Incorporated company limited by shares  
Registered in the Isle of Man No. 11494  
Authorised by the Isle of Man Insurance & Pensions Authority  
Provider of life assurance and investment products

Authorised by the Office of the Commissioner of Insurance to conduct long-term insurance business in Hong Kong

Registered in the United Arab Emirates as an insurance company (Registration No.76)  
and as a foreign company (Registration No. 2013)

Authorised by the United Arab Emirates Insurance Authority to conduct life insurance and savings business

Registered in Singapore No. F06835G

Registered by the Monetary Authority of Singapore to conduct life insurance business in Singapore

