

# Ultra Wealth

Capital Redemption



Contract conditions

UWC2

## Ultra Wealth – Capital Redemption

### Contract conditions

Ultra Wealth – Capital Redemption is a capital redemption contract which may be issued with other contracts as a series of contracts. Each contract is a separate legal agreement issued by Friends Provident International Limited and is based on an application by the contract holder named in the contract schedule.

The application form, contract booklet (consisting of Part 1: Contract Provisions, Part 2: Fund Rules and Part 3: Definitions), the contract schedule and any endorsements issued by us shall be deemed to be incorporated into the contract.

Sometimes, for administrative purposes only, we treat all contracts issued under a single number in the same manner.

#### **Important**

This contract should be examined to see that it meets your requirements.

It should be kept in a safe place, as a duplicate cannot be issued.

Contract form number UWC2  
January 2013

## Contents

	Page
<b>Part 1: Contract Provisions</b>	
1 Contributions	4
2 Choice of funds	5
3 Charges	5
4 Guaranteed bonus	6
5 Encashment	6
6 Withdrawals	7
7 Maturity Date	7
8 Additional provisions	7
<b>Part 2: Fund Rules</b>	
1 Nature of funds and units	10
2 Management of FPIL funds	10
3 Valuations and pricing	10
4 Additions and deductions	11
<b>Part 3: Definitions</b>	12

## Part 1: Contract Provisions

### 1 Contributions

- 1.1 The **contribution** that **you** have agreed to pay is stated in the **contract schedule**. **You** may pay **contributions** either monthly, quarterly, half-yearly or yearly. You may change the frequency at which **contributions** are paid provided such change takes effect on the next date the **contribution** is due in line with the **contract** anniversary and **you** notify **us** in writing at least 28 days before such date.
- 1.1.1 Changing to or from yearly payments is only possible on the **contract** anniversary date.
- 1.1.2 Changing to or from half-yearly payments is only possible on the **contract** or half-year anniversary date.
- 1.1.3 Changing to or from quarterly payments is only possible at the quarterly anniversary of the **contract** due date.
- 1.1.4 Changing to monthly payments is only possible on the next **contribution** due date.
- 1.1.5 Changing from monthly payments is only possible when the next **contribution** due date is the **contract** anniversary date, or a due date in line with the new frequency **you** have requested. For example, changing from monthly to quarterly payments where the anniversary is 1 March can be requested for 1 March, 1 June, 1 September or 1 December, but not for any other dates.
- 1.2 **You** will pay **contributions** by one of the **payment methods**. If **you** wish to change the **payment method** **you** must notify **us** in writing and provide **us** with future payment details
- 1.3 On receipt of the **contribution** and investment allocation instructions, or in the case of the first **contribution** completion of all payment processing, if later (processing time varies depending on actual payment methods), **we** will use the **investible amount** to purchase **units** at the **bid price** on the next available **appropriate dealing day** of the selected **FPIL fund(s)**. During the **initial period** the **investible amount** will be used to purchase **initial units**. When **we** have received all of the **contributions** which were due to be paid during the **initial period** **we** will use any later **investible amounts** to purchase **accumulation units**. Both **initial units** and **accumulation units** will be allocated to the **contract**.
- 1.4 **You** may pay **additional single contributions** at any time provided there are at least five years remaining until the **Maturity Date** and each **additional single contribution** is at least USD3,000 per **contract**. Any **additional single contribution** is subject to an initial charge of 7% of the **additional single contribution**. The **investible amount** will be used to allocate **accumulation units**.
- 1.5 **You** may increase the amount of **your** regular **contributions** provided the increase per **contract** is at least USD50 per month, USD150 per quarter, USD300 per half year, or USD600 per year depending upon the frequency of payment. The increase must take effect at least five years before the **Maturity Date** and will apply to all **contributions** due before the **Maturity Date**. **We** will use the increase in the **investible contribution** to purchase **initial units** until **we** have received all of the **contributions** due for the **subsequent initial period** commencing on the date when the increase took effect.
- 1.6 If **we** discontinue the promotion of the Ultra Wealth - Capital Redemption contract the figures stated in Part 1 clauses 1.4 and 1.5 may be increased in excess of the rate of inflation stated in Part 1 clause 8.12.

- 1.7 **You** may reduce the rate of regular **contributions** subject to a minimum **contribution** per **contract** of USD1,000 per month, USD3,000 per quarter, USD6,000 per half year or USD12,000 per year depending upon the frequency of payment. **You** may not reduce regular **contributions** during the **initial period**.
- 1.8 **You** may suspend payment of **contributions** after the end of the **initial period** for a period not exceeding 12 months. If **you** wish to suspend payments **you** must notify **us** in writing. **We** will continue to take charges described in Part 1 clause 3 during the suspension period. If **you** do not recommence payment within one month of the end of the suspension period the **contract** will be made paid up (as described in Part 1 clause 1.10).
- 1.9 If **you** do not pay all of the **contributions** due during the **initial period** the **contract** will stop and will be treated as if **you** had requested to encash the **contract**. **We** will pay the **encashment value** to **you**. **Initial units** have no **encashment value** in the **initial period**.
- 1.10 If **you** have not paid any **contribution** within 90 days of that **contribution** becoming due, the **contract** will become paid up. If the **contract** becomes paid up it will continue to provide the benefits set out in the **contract**. **We** will continue to deduct charges set out in Part 1 clause 3. Prior to the **Maturity Date**, **you** will be permitted to recommence paying **contributions**.
- 1.11 A **minimum contract value** applies when withdrawals are made or during any period when regular **contributions** are not being paid. If the **contract** value falls below the minimum amount the **contract** will be encashed and subject to any applicable **encashment charge**.

## 2 Choice of funds

- 2.1 **We** will use the **investible amount** to purchase **units** in the **FPIL fund(s)** selected by **you**. Consequently **we** will not be held responsible for investment performance. **You** may select a maximum of ten funds at any one time.

- 2.2 **You** may request **us**, in writing, to change the **FPIL fund(s)** selected by **you**. On the next **dealing day** after **we** have received clear instructions from **you** **we** will cancel the appropriate **units** allocated to the **contract** in accordance with **your** instructions. **We** will replace them with **units** of an equivalent value in the new **FPIL fund(s)** selected by **you**.

## 3 Charges

- 3.1 **We** make a number of charges to cover the costs of administering **your contract**. These charges are taken by cancelling **units** equal in value to the charges being made. **We** will use the bid value of **units** at the time that **units** are cancelled. **Units** will be cancelled from the **FPIL fund(s)** **you** have selected in proportion to the total bid value of the **units** allocated. If the **contract** is made paid up or encashed and there are insufficient **accumulation units** to cover charges or fees **we** may cancel **initial units**.
- 3.2 **We** will make the **initial charge** at three monthly intervals by cancelling **initial units** beginning three months after the **commencement date** and continuing until the **Maturity Date**.
- 3.3 **We** will deduct the **contract charge** each month by cancelling **accumulation units** equal in value to the **contract charge**. The first **contract charge** will be due on the **commencement date**.
- 3.4 Fees or transmission charges for incoming or outgoing payments may be taken by banking partners. **We** do not levy any additional payment charges but reserve the right to pass on any fees or charges taken by banking partners.

- 3.5 **We** will not charge **you** for switching funds. However, **we** reserve the right to impose a **switch charge** of up to 1% of the value of the **units** cancelled under Part 1 clause 2.2, or USD15, if greater. The total bid value of the new **units** allocated will be equal to the total bid value of the **units** cancelled at the appropriate **dealing day(s)**, less the charge, if taken.
- 3.6 **We** may refuse to act or delay acting on **your** instructions to switch **units** if **we** believe **you** are switching between funds so often that it is damaging or could damage the interests of other contractholders whose contracts are invested in those funds. **We** will only do this to the extent **we** reasonably consider it to be fair to protect the interests of those other contractholders.
- 3.7 If there are insufficient **accumulation units** to cancel to meet the **contract charge** and the **switch charge**, the **contract charge** and the **switch charge** will be accrued and will be taken when **accumulation units** have subsequently been allocated to the **contract**. **Accumulation units** will be cancelled to meet the **contract charge** and the charges in the following order:
- 3.7.1 **contract charge**;
- 3.7.2 **switch charge**.
- 3.8 **We** will also take an administration charge calculated at the rate of 1.2% per annum of the bid value of the **FPIL fund(s)** and payable out of the assets of the **FPIL fund** whenever that fund is valued. **We** may vary the administration charge payable in accordance with this provision by giving not less than one month's prior written notice of such variation to **you** at **your** last known address.
- 3.9 There are a number of further deductions set out in Part 2 clause 4 which will affect the value of **your contract**.
- 3.10 **We** may increase the charges if there are increases in our costs above inflation (for example as a result of tighter regulation of the insurance industry), or there are increases in the charges levied by fund managers. If **we** do this **we** will set the new rates at levels that **we** believe are necessary to reflect the changed circumstances. **We** will write to **you** one month before **we** increase our charges.

## 4 Guaranteed bonus

- 4.1 If **you** select a **contribution** payment term of greater than ten years at outset, **you** will be eligible for a guaranteed bonus, provided that **contributions** of at least USD1,000 a month are being paid at any time a guaranteed bonus becomes due. The guaranteed bonus will be equal to a percentage of the bid value of the **contract** at the monthly anniversary. All guaranteed bonuses will be applied by purchasing additional **accumulation units** at **bid price** and adding these to the **contract**. The guaranteed bonus percentages and payment dates are:
- 4.1.1 A single payment of 0.2% of the bid value of the **contract** on the **contribution** renewal date in month 36.
- 4.1.2 One twelfth of 0.2% of the bid value of the **contract** payable from month 61 to month 120.
- 4.1.3 One twelfth of 0.4% of the bid value of the **contract** payable from month 121 onwards.
- 4.2 The bid value used for the purpose of calculating the guaranteed bonus will include all **initial units** and **accumulation units**, including **units** represented by any **additional single contributions** and regular **contribution** increases added since the **commencement date**.
- 4.3 **Units** in respect of guaranteed bonus payments will be added to the **contract** on the **dealing day** next following the monthly renewal date of the **contract**.

## 5 Encashment

- 5.1 **You** may encash the **contract** at any time, subject to any **encashment charge** due, by making a written request to **us** to encash the **contract**. **We** will pay the **encashment value** of the **contract** to **you** once **we** have received proof that **you** are the person legally entitled to the amounts payable under the **contract**.
- 5.2 When the **encashment value** has been paid **we** will not accept any further **contributions** nor will **we** pay any further amounts. The **contract** will terminate.

## 6 Withdrawals

- 6.1 **You** may make a withdrawal from the **contract** by making a written request to us provided:
- 6.1.1 The **withdrawal sum** does not exceed the bid value of **accumulation units** allocated to the **contract**. Therefore no withdrawals can be made if no **accumulation units** have been allocated to the **contract**.
- 6.1.2 The value of the **contract** does not fall below the **minimum contract value** as described in Part 1 1.11.
- 6.1.3 The **withdrawal sum** is at least USD750 irrespective of the frequency of such withdrawal.
- 6.2 **We** will cancel **accumulation units** allocated to the **contract** equal to the aggregate value of the **withdrawal sum** and any money owing to **us**, which **we** will deduct before paying the balance to **you**.
- 6.3 Regular withdrawals can be paid yearly, half-yearly, quarterly or monthly. Regular withdrawals can also be paid to coincide with the term times of an educational establishment. Regular withdrawals will normally commence one month after **we** have received **your** written request.
- 6.4 **You** may continue to make regular withdrawals even though the **contract** has become paid up (as described in Part 1 clause 1.10) or if **you** have suspended payment of **contributions** (as described in Part 1 clause 1.8).

## 7 Maturity Date

- 7.1 The **contract** will continue for a fixed term expiring on the **Maturity Date** unless terminated by full encashment under Part 1 clause 5 before that date.
- 7.2 On the **Maturity Date** we will sell all **units** allocated to the **contract**. The **contract** will automatically terminate and **you** will be entitled to a cash sum, which will be:
- 7.2.1 the total unit value of all **units** allocated to the **contract** on the **Maturity Date**; plus
- 7.2.2 an additional guaranteed payment of USD150.

## 8 Additional provisions

- 8.1 **You** are responsible for the choice of **FPIL fund(s)** to which **your Contract** is linked. **You** must satisfy yourself that the choice of **FPIL fund(s)** is suited to **your** circumstances and objectives, bearing in mind **your** attitude to risk. **We** are not responsible for any loss suffered or reduction in the value of **your contract** arising from **your** investment. **We** do not have any responsibility for the management of the underlying collective investment scheme in which the **FPIL funds** have holdings and **we** do not approve any asset as a suitable investment.
- 8.2 Before **we** make any payment or acknowledgement or act **we** must be satisfied that the person(s) making the claim or request has the right to do so. **We** will need reasonable proof and **you** may have to produce the **contract** documents. **We** will only be required to pay an **encashment value** if **you** have provided **us** with reasonable proof of **your** entitlement to the **contract**.
- 8.3 If **you** change **your** address **you** should write and let **us** know. If **you** do not, and **we** write to **you** at the last address of which **we** have notice, **we** will as far as the **contract** is concerned be treated as having written to **you** at the correct address. If **you** have to write to **us** **you** should write to **us** at Royal Court, Castletown, Isle of Man, IM9 1RA, British Isles unless **we** have written to **you** to tell **you** otherwise. All payments under the **contract** are payable at our registered office.
- 8.4 If the assets held in an **FPIL fund** are not readily realisable, **we** may delay the cancellation of those **units** in that **FPIL fund** and the payment of a consequent **encashment value** or **withdrawal sum**. If **we** have been unable to sell the assets within six months **you** may request **us**, if possible, to transfer the ownership of the assets into **your** name in lieu of the **encashment value** or **withdrawal sum** (as appropriate). Otherwise **we** may delay paying the **encashment value** or **withdrawal sum** until **we** have been able to sell the assets. **We** will not have to pay interest for any delay in payments of the **encashment value** or **withdrawal sum** under any circumstances.

## 8.5 Currency

8.5.1 All sums payable by **us** to **you** under the **contract** will be paid in the **contract currency** unless **you** request otherwise.

8.5.2 **We** will use the **contract currency** to provide valuations of the **contract** to **you**. **You** may request **us** to change the currency that **you** receive **your** valuations in. **You** can only request to change **your contract currency** after the completion of the **initial period** or any **subsequent initial period**.

8.5.3 Whenever it is necessary for the purposes of the **contract** to convert any amount denominated in one currency to any other currency, please ask for details of the rate used to make the conversion. This will reflect a rate of exchange available from our bankers at the time when the conversion is made.

8.5.4 Any administration charge (whether it is called annual administration charge or annual management charge or administration charge) will be calculated in the currency of the appropriate **FPIL fund** selected by **you**.

8.5.5 With the exception of the charge referred to in Part 1 clause 8.5.4 above, all fees and charges will be calculated in the **contract currency**.

8.5.6 If the **contract currency** is replaced by another currency (for example where a country adopts another currency for economic reasons), the **contract currency** will automatically change to the new currency. If, subsequently, the new currency is abandoned, the **contract currency** shall revert to the respective currency specified before the conversion, or its equivalent.

8.5.7 All figures quoted in the **contract** document have been quoted in US dollars. To convert those figures to other currencies the following conversion rates should be used:

UK sterling 0.67

euro 1.00

Hong Kong dollar 8.00

If the market exchange rates of any of these currencies changes by more than 20% from 1st July 2011 **we** may by giving **you** one month's notice in writing amend the conversion rate or rates to reflect then current market exchange rates.

8.6 If our appointed actuary reasonably believes changes in legislation or taxation or if the imposition of a statutory levy means **we** cannot continue to administer the **contract** as set out in the **contract** documents without adversely affecting ourselves or the interests of our **contract** holders, **we** will make such changes to the **contract** as are necessary to put **us** and our **contract** holders in the financial position they would have been in but for the change or the levy. **We** will write and inform **you** of the change.

## 8.7 Communications

8.7.1 **You** may instruct **us** by letter, fax or electronic mail. **We** may request **you** to confirm any instructions by letter but **we** may act upon instructions which **we** reasonably believe are valid. **We** reserve the right not to act upon any instructions until **we** have received confirmation by letter although lack of any such confirmation will not invalidate any instructions which **we** have already acted upon. **We** shall not be required to act upon any instructions where **we** reasonably believe such action may involve any party in a breach of law, rule or regulation.



- 8.7.2 **We** will not be responsible for any loss, damage, fraud or misappropriation arising as a result of any error or breakdown in transmission, misunderstandings, errors by **us** or our employees, servants or agents regarding the identity of the person or persons giving instructions by fax or electronic mail.
- 8.7.3 **You** agree to indemnify **us** and hold **us** harmless against all losses, damages, liabilities, actions, proceedings, claims, costs and expenses including legal expenses on a full indemnity basis arising from or in connection with **us** acting or failing to act on instructions given by **you** through fax or electronic mail.
- 8.8 **We** may reasonably round any calculations by an adjustment of not more than 0.1%. Rounding adjustments relating to the purchase or cancellation of **units** will usually accrue to the benefit of continuing **contract** holders in the appropriate **FPIL fund(s)**.
- 8.9 If any provision of the **contract** (or part of a provision) is invalid or unenforceable to any extent or purpose, this will not affect the validity or enforceability for other purposes of the remaining provisions. The provision shall be deemed to be severed subject to any consequential amendments which may be necessary.
- 8.10 The **contract** between **you** and **us** consists of the application form, these **contract** provisions, the **contract schedule** and any endorsements. The **contract** can only be amended if **we** issue a written endorsement signed by two authorised officers. If **you** have not objected to the contents of an endorsement within three months of the date when **we** send it to **you**, **you** will be deemed to have accepted the change.
- 8.11 If at any time **we** fail to enforce any of the obligations or terms contained in the **contract** this shall not be construed as a waiver of our rights at any other time to enforce each and every obligation and term contained in this **contract**.
- 8.12 Any sums stated in these **contract** provisions will be increased from time to time in line with the Retail Prices Index issued by the Isle of Man Government or any replacement index.
- 8.13 The **contract** shall be governed and construed in accordance with the law of the Isle of Man.
- 8.14 Pursuant to s1(2) of the Contracts (Rights of Third Parties) Act 2001 the parties intend that no term of these contract terms and conditions may be enforced by a third party.



## Part 2: Fund Rules

### 1 Nature of funds and units

- 1.1 **We** have created a number of funds called the **FPIL funds**. Each **FPIL fund** forms a separate and identifiable part of our long-term business fund. **We** are the absolute legal and beneficial owner of all the assets which relate to each fund. **You** have no rights or entitlement to these assets. Consequently, **you** should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposit accounts are unlikely to apply in the event of failure of such an investment linked to the **contract**.
- 1.2 Each **FPIL fund** is divided into **units**. In any fund, all **units** of a particular type will be of equal value. **We** will only create **units** in any fund if assets of a value equal to the value of **units** created have been added to the fund. Except in the circumstances described in Part 2 clause 4, assets may only be withdrawn if **units** of an equal value are cancelled.
- 1.3 **We** may delay creating or cancelling **units** if our appointed actuary reasonably believes that to do otherwise would adversely affect the **contract**, the fund or other **contract** holders. **We** may also delay cancelling **units** if it is not possible to sell the underlying assets at what **we** are advised is their true market value.
- 1.4 **Units** are notionally allocated to the **contract** solely for the purpose of calculating the payments that **we** have to pay to **you** under the **contract**.

### 2 Management of FPIL funds

- 2.1 **We** will manage the **FPIL funds** and will determine which assets relate to each **FPIL fund**. **We** may delegate the management of any **FPIL fund**. **We** may if **we** so wish charge the assets relating to each **FPIL fund** as security. **We** may reinsure the **FPIL funds** in whole or part. In exceptional circumstances borrowings may be incurred in an **FPIL fund** provided that such borrowings will not exceed 25% of the bid value of that **FPIL fund** inclusive of short term borrowings to cover withdrawals or other special situations.

- 2.2 **We** may from time to time make other funds available to **your contract**. Similarly if, at any time, our appointed actuary reasonably believes it would be in the best interests of the **contract** holders in an **FPIL fund**, **we** may close that **FPIL fund** or sub-divide or consolidate **units**.

- 2.3 If **we** decide to close an **FPIL fund** **we** will inform **you** in writing at least three months before the fund is to close. **We** will cancel **units** in the fund which is closing. **You** may ask **us**, in writing, to allocate **units** in another **FPIL fund**. If **you** do not select another fund **we** will allocate **units** in the **FPIL fund** which in the opinion of our appointed actuary is the nearest to the **FPIL fund** which has been closed in terms of objective strategy and risk grading.

### 3 Valuations and pricing

- 3.1 Each **FPIL fund** will be valued on each **dealing day**. Usually this will not be less frequently than monthly but it does depend upon the nature of the underlying assets.
- 3.2 On each **dealing day** **we** will set the **offer price** of **units** and the **bid price** of **units**. **We** will set the prices within the range between the maximum **offer price** (described in Part 2 clause 3.6) and the minimum **bid price** (described in Part 2 clause 3.7).
- 3.3 The value of each **FPIL fund** will be determined by our appointed actuary by reference to the market value of the underlying assets relating to that fund. The market values used will be:
- 3.3.1 where the asset is quoted on a recognised stock exchange, **we** will use the latest available price published by that exchange on or before the **dealing day**;
- 3.3.2 where the asset is a unit trust, mutual fund or other pooled investment **we** will use the price most recently available from the managers of the scheme on the day immediately before the **dealing day**. **We** reserve the right to use the actual price obtained when acquiring or selling the asset;

- 3.3.3 where the asset does not come within Part 2 clauses 3.3.1 or 3.3.2, **we** will obtain such professional advice to assist **us** to value the asset as **we** reasonably deem necessary.
- 3.4 On a **dealing day**, **we** will calculate the offer value of the **FPIL fund** by reference to the price at which **we** have been able to acquire assets or the price at which **we** would reasonably expect to acquire assets related to the fund. In setting the offer value **we** will include a provision of reserves against the deductions referred to in Part 2 clause 4 below, which constitute an actual or a potential liability of that **FPIL fund**.
- 3.5 On a **dealing day** **we** will calculate the bid value of the **FPIL fund** by reference to the price at which **we** have been able to dispose of assets or the price at which **we** would reasonably expect to be able to dispose of assets related to the fund. In setting the bid value **we** will deduct a provision of reserves against the deductions referred to in Part 2 clause 4, which constitute an actual or a potential liability of that **FPIL fund**.
- 3.6 The maximum **offer price** of **units** in an **FPIL fund** will be determined by dividing the offer value of the fund (calculated by the method described in Part 2 clause 3.4) by the number of **units** created but not cancelled. The resulting figure will be divided by 0.93. This figure will be rounded up to three decimal places.
- 3.7 The minimum **bid price** of **units** in an **FPIL fund** will be determined by dividing the bid value of the fund (calculated by the method described in Part 2 clause 3.5) by the number of **units** created but not cancelled. The resulting figure will be rounded down to three decimal places.
- 3.8 Although each **FPIL fund** will have an **offer price** and a **bid price** (because the **FPIL funds** are available to other types of **contract**) for the purposes of the **contract** all **units** will be bought and sold at the **bid price**.

## 4 Additions and deductions

- 4.1 If any of the assets relating to an **FPIL fund** generate income such as dividends, interest or rent, that income will be added to that fund and will increase the value of that fund.
- 4.2 **We** will be entitled to take from each **FPIL fund** a number of expenses as follows:
- 4.2.1 any charges or fees which **we** are entitled to take by virtue of Part 1 of these **contract** conditions;
- 4.2.2 any costs, expenses and charges incurred by **us** in acquiring, managing, maintaining, valuing or disposing of the assets relating to that fund;
- 4.2.3 any expense, charge, tax, levy or fiscal enforcement not taken into account elsewhere, which our appointed actuary reasonably considers is a liability relating to that fund.
- 4.3 Any tax liability will be calculated as though the relevant **FPIL fund** makes up the whole of our long-term business fund without allowing for expenses.
- 4.4 Where **units** in one **FPIL fund** are held as assets relating to another **FPIL fund**, **we** will use all reasonable endeavours to ensure that no double charging occurs.

## Part 3: Definitions

The words in the **contract** shall have the meaning as shown below:

**Accumulation units** means units which are not initial units. They are units purchased by regular contributions due after the end of the initial period and any subsequent initial periods and any additional single contributions.

**Additional single contribution** means a single contribution paid by you after the commencement of the contract and stated in an endorsement issued by us.

**Appropriate dealing day** for the allocation of units in any fund will be the next dealing day of that fund following the Company acting upon the relevant instructions or, in the case of contribution receipts, crediting the investible amount to the contract.

**Bid price** means the price at which units will be cancelled (or sold).

**Commencement date** means the date on which the contract starts and is shown in the contract schedule.

**Contract** means these contract conditions, your contract schedule and any endorsement(s).

**Contract charge** means the monthly charge we will take by cancelling accumulation units. The amount of the contract charge is set out in the contract schedule.

**Contract currency** means the currency specified in the contract schedule.

**Contract schedule** means the contract schedule first issued with the contract and any revised contract schedule issued due to alteration in the terms of the contract. The contract schedule states the details specific to your contract.

**Contract term** means the point at which the contract is encashed after reaching the Maturity Date.

**Contribution** means the contribution shown in the contribution schedule issued on the commencement date.

**Dealing day** means the day when we deal in units of an FPIL fund. The day may vary from one fund to another.

**Encashment charge** means the fee which we will charge if you encash the contract before the Maturity Date. Ultra Wealth - Capital Redemption will not acquire an encashment value on any initial units held until after the Initial period is complete. If you encash at any other time prior to the Maturity Date, the encashment charge will be calculated by applying the appropriate percentage set out in the Encashment Charge Table on page 13 to the bid value of the total initial units allocated to the contract (part years will be rounded up to the next whole year).

**Encashment value** means the bid value of all the units allocated to the contract on the next dealing day after we have received the proof referred to in Part 1 clause 5.1 and have finished processing the claim. We will deduct any money owing to us including the encashment charge and contract charge before we pay the encashment value.

**FPIL fund** means the separate funds that we maintain for the purpose of determining the amounts which we have to pay under the contracts which we issue to our contract holders.

**Initial charge** means the charge we make by cancelling initial units. The amount of the charge is set out in the contract schedule.

**Initial period** means the period beginning on the commencement date and continuing for the period specified in the contract schedule.

**Initial units** means units purchased by the regular contributions which you must pay during the initial period and any subsequent initial period.

**Investible amount** means that percentage of the contribution or additional single contribution shown in the contract schedule or endorsement as appropriate.

**Maturity Date** means the Maturity Date specified in the contract schedule.

**Minimum Contract Value** is the minimum value of USD2,000 or the currency equivalent, above which the contract must be maintained at all times after the initial period.

**Offer price** means the price at which units in an FPIL fund will be created (or purchased for some FPIL products). The charging structure for Ultra Wealth – Capital Redemption uses the Bid Price for all transactions, including unit purchase so the Offer Price definition is included here only for reference purposes as you will see this price in fund price quotations on our intranet etc.

**Payment method** means one of the methods stated in the contract schedule by which you can pay the contributions.

**Subsequent initial period** means a period of the same duration as the initial period but commencing on an increase in regular contributions.

**Switch charge** means the charge which we will make for changing the FPIL fund selected by you.

**Units** means the portions of equal value into which an FPIL fund is divided. The term 'units' includes both initial units and accumulation units.

**We** and **us** means Friends Provident International Limited.

**Withdrawal sum** means the single or the regular sum which you have asked us to withdraw from the contract.

**You** and **your** means the person or persons who own the contract.

**Encashment Charge Table**

Outstanding Term	Contract Term															
	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10
25	100%															
24	100%	100%														
23	90%	100%	100%													
22	87%	87%	100%	100%												
21	84%	84%	84%	100%	100%											
20	81%	81%	81%	81%	100%	100%										
19	78%	78%	78%	78%	78%	78% *	100%									
18	75%	75%	75%	75%	75%	75%	75% *	100%								
17	72%	72%	72%	72%	72%	72%	72%	72% *	100%							
16	68%	68%	68%	68%	68%	68%	68%	68%	68% *	100%						
15	64%	64%	64%	64%	64%	64%	64%	64%	64%	64% *	100%					
14	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60% *	100%				
13	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57%	57% *	100%			
12	54%	54%	54%	54%	54%	54%	54%	54%	54%	54%	54%	54%	54% *	100%		
11	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51% *	100%	
10	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%	48% *	100%
9	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%	45% *
8	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%	42%
7	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%
6	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%	36%
5	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
4	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
3	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
2	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
1	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%

\* The **encashment charge** percentage only applies to those **contracts** that have completed their first **initial period**. All other **contracts** still within their first **initial period** are subject to a 100% **encashment charge**.

Friends Provident International Limited

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Website: [www.fpinternational.com](http://www.fpinternational.com)

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

