

S C O T T I S H M U T U A L I N T E R N A T I O N A L

# Key Features of the Inheritance Plan

## ITS AIMS

- To put aside a sum of money outside of your estate on your death which is free from Inheritance Tax. This is referred to as the Guaranteed Minimum Amount.
- To make your investment grow in a tax efficient way.
- To provide you with a regular income.
- To give you the option to take one off withdrawals from your Plan if required.

## YOUR COMMITMENT

- You pay a single lump sum into your Plan.
- This Plan cannot be cashed in, so you should see this as an investment for life.

## RISK FACTORS

- The investment return may be less than that shown in your Personalised Key Features; however at death, at least the Guaranteed Minimum Amount will be paid.
- If your investment is made or invested through a fund valued in a currency other than the plan currency, changes in rates of exchange and currency conversion costs may cause the value of the investment to fluctuate. Please see the Details leaflet for more information.

- If you take an income which is greater than the growth within your Plan (after charges) you will reduce the value of your Plan beneath your original investment. Income can only be taken while the value of your Plan exceeds the Guaranteed Minimum Amount.
- If you die within seven years of placing your Plan in trust, Inheritance Tax may still become due on part of the Guaranteed Minimum Amount and, further, all of the excess over the Guaranteed Minimum Amount will be liable to Inheritance Tax.
- The Plan cannot be cashed in, so you should see this as an investment to reduce your Inheritance Tax liability on death. The lump sum investment will never be fully repaid in your lifetime. Please refer to the section entitled "How does the Trust work?" for more information.
- If administration costs increase more than expected, charges may be higher than shown.
- If you decide to cancel your Plan before the end of the 15 day cancellation period and the value of your investment has fallen, you will get back your original investment less the fall in value.

## ALL ABOUT YOUR PLAN

### What is the Inheritance Plan?

- It is a single premium, unit linked Plan which will run for the whole of your life.
- The Plan is held in trust for the benefit of those you wish to receive the Guaranteed Minimum Amount on your death.
- The Plan invests in the With Profit Funds, the Reserve Funds and Safety Plus Funds of your choice. For details of the Funds please see the Inheritance Plan Details leaflet.

### What currencies can the Plan be held in?

- Your Plan can be denominated in either UK Sterling, US Dollars or Euro.

### How much can I invest?

- The minimum investment is £25,000/US\$37,500/E37,500. There is no maximum.
- If your investment is £50,000/US\$75,000/E75,000 or more, we will invest for you the amount of your lump sum increased by 1%. If it is £100,000/US\$150,000/E150,000 or more, we will invest the amount of your lump sum increased by 1.5%.
- You can top up your Plan at any time by making an additional investment. However, if you wish to make another gift for Inheritance Tax purposes, a new Plan must be set up.

### How does the Trust work?

- The Plan is set up under a flexible interest in possession trust. You choose the Trustees and the beneficiaries of the Plan. Both can be altered in the future subject to the terms of the Trust. The value of your Plan is held by the Trustees.
- The Guaranteed Minimum Amount will become payable to your beneficiaries when you die.
- The excess of the fund over and above the Guaranteed Minimum Amount is held for your benefit and is paid to your estate when you die.

### Can I take an income from the Plan?

- You can take a regular income as long as the value of your Plan exceeds the Guaranteed Minimum Amount. The maximum amount of regular income (which is made up of growth on your investment and return of your capital) that can be taken is 10% per annum of the original investment.
- If the value of your fund can sustain it, you can also

take one off withdrawals.

- You can take your income on a quarterly, half yearly or yearly basis, to coincide with the Quarterly Dealing Dates of the Safety Plus Funds. If your Plan is wholly invested in Reserve funds, you can also take income monthly.
- As long as there is sufficient growth within your Plan, you can vary the amount and frequency of the income payments at any time. The minimum regular withdrawal is £200/US\$300/E300 per payment.
- Each payment will be paid by cheque to your correspondence address or by direct credit into your bank account.
- You should bear in mind that too high a withdrawal could result in a reduction in the value of your Plan to the level of the Guaranteed Minimum Amount. This would stop future income payments until the value of the Plan had increased.
- For more information on withdrawals please see the Details leaflet.

### Can I take out my Plan with someone else?

- No. The Plan is only available on a single owner, single life basis.

### What happens on death?

- The amount payable in the event of a death claim will be whichever is the greatest of
  - (a) the Guaranteed Minimum Amount,
  - (b) the value of units remaining in the Plan and,
  - (c) • either 101% of the value of the Plan, taking into account any outstanding Establishment Charges, if you are younger than 75 at the date of death;  
• or 100.1% of the value of the Plan, taking into account any outstanding Establishment Charges, if you are 75 or older at the date of death.

Please see your client specific Key Features for more information.

- The payment will be made to the Trustees of the trust. The Guaranteed Minimum Amount will be paid to the specified beneficiaries and any balance will be paid to your estate.
- Provided the funds have been held within the trust for seven years, the value of the Guaranteed Minimum Amount will fall outside your estate for Inheritance

Tax purposes.

- If the funds had been held in trust for less than seven years, the discounted value of the Guaranteed Minimum Amount will be counted within your estate for Inheritance Tax purposes. If the fund has been held in trust for three years or more, the amount of Inheritance Tax due may be further reduced. Please see the Inheritance Plan Tax Notes for more information on discounted values and proportional reductions.

Can I cash in my Plan?

- No. Although you can take income and one off withdrawals you cannot cash in the Plan.
- As the money you have invested is held in trust, the benefits of the Plan can only be paid when you die. The Guaranteed Minimum Amount must be paid to the beneficiaries of the trust, and the balance paid to your estate.

Will I be kept up to date on the performance of my Plan?

- The value of your Plan will be monitored each quarter to ensure that it can support the current level of withdrawals you are taking and still provide the Guaranteed Minimum Amount.
- If this is not the case we will contact your financial adviser to inform him/her of the options open to you.
- We will, in any event, send you an annual plan statement.

Where can I get more information?

- This document contains the key features of Scottish Mutual International's Inheritance Plan. The enclosed Personalised Key Features give details specific to you. More general information is given in our Inheritance Plan Details leaflet.
- Your financial adviser will be pleased to answer any queries you may have.

Will my Plan work out exactly as in my Personalised Key Features?

- Not necessarily. It will depend on how the investment funds perform during the time your money is invested.

## FURTHER INFORMATION

### Scottish Mutual International

Scottish Mutual International's Inheritance Plan is issued by Scottish Mutual International Limited, a company registered in Ireland.

### Your right to change your mind

You will be able to cancel your investment during a 15 day period after entering into the agreement. You will be advised of this right in more detail (including when it begins and ends and how to exercise it) in documents which we will send you at the relevant time.

### Investments

Investments into your Plan are usually made by Cheque or Telegraphic Transfer or Bankers Draft in the currency of your Plan.

### Investment Funds

Through the Inheritance Plan you can invest in the With Profits Funds, the Reserve Funds and Safety Plus Funds. Please see the Inheritance Plan Details leaflet for more information on these funds and their objectives. The levels of capital protection of the Safety Plus Funds depend on the interest earned on underlying deposit accounts placed with leading banks but are not guaranteed.

### Tax

Under the law of Ireland, any income or gains made within the investment funds of Scottish Mutual International will be tax free.

When you invest or take withdrawals you may be liable to

income tax. Tax benefits depend on individual circumstances and may be altered or withdrawn without prior warning. Tax legislation may change in the future. Your financial adviser will provide you with details of further tax implications. Also see the Inheritance Plan Tax Notes for more information.

### Law

The law of Ireland will apply to the contract between you and Scottish Mutual International for the Plan.

### Compensation

Information on any compensation arrangements can be obtained from Scottish Mutual International on request.

### Complaints

If you have any cause for complaints about your Plan or any aspect of the service you receive, please contact the Customer Services Manager, Scottish Mutual International Limited, Styne House, Upper Hatch Street, Dublin 2, Ireland. Telephone (00 353 1) 804 4000. Telephone calls may be recorded. Fax: (00 353 1) 804 4005. Making a complaint will not prejudice your right to take legal proceedings.

### Address for Correspondence

Scottish Mutual International Limited, Styne House, Upper Hatch Street, Dublin 2, Ireland. Telephone: (00 353 1) 804 4000. Telephone calls may be recorded. Fax: (00 353 1) 804 4005. Website address: [www.smi.ie](http://www.smi.ie)

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