

The Financial Conduct Authority and the Prudential Regulation Authority are the independent financial services regulators. They require us, The Red Rose Friendly Society Ltd., to give you this important information to help you to decide whether our Traditional 'With-Profits' 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.

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# Key Features of The Red Rose Friendly Society Ltd Traditional 'With-Profits' Bond



This document explains the key features of the **Traditional 'With-Profits' Bond**. Please read it carefully, and keep it in a safe place. You may want to refer to it in the future.

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## Its aims

- To increase the lump sum invested by you over the medium to long term (for example 5 years or longer) by means of adding interest which is paid in the form of an annual bonus on the Bond's anniversary each year and which once added cannot be deducted. A discretionary loyalty bonus (known as terminal) may also commence after 5 years.

## Your commitment

- You agree to invest in £500 units as a single premium.

## Risk factors

- The proceeds will depend on investment performance. The amount of growth you actually receive may be less than illustrated.
- Your personal circumstances may change, which could force you to cash in early.
- Our deductions may turn out to be higher than expected.
- If the value of your investment has increased by less than the amounts withdrawn, the capital originally invested will be eroded.
- An MVR may be applied – see below for information on the MVR.

## Questions and answers

### What is a Traditional 'With-Profits' Bond?

- The Red Rose Traditional 'With-Profits' Bond is designed to accept a single contribution and aims to provide growth in excess of that available in any deposit based investment.
- A single premium 'with-profits' contract is available to anyone from the age of 0 to 90. The Bond can be taken out in sole or joint names.
- 'With-Profits' means that regular bonuses are added to the Bond, increasing its overall value up to the date of maturity or earlier death.

The Red Rose Friendly Society Limited. Parkgates, 52a Preston New Road, Blackburn, Lancashire BB2 6AH.

Tel 01254 222702. Fax 01254 222705

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Established 1863. Incorporated under The Friendly Societies Act 1992. Reg No 43 Coll

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- The annual bonuses (known as a reversionary) are actually added to the original investment meaning that the bonus for the following year is calculated on a higher figure in a manner which is effectively the same as “compound interest”. Under a “With Profits” policy, bonuses, once added, cannot be taken away.
- Because it is classed as a life insurance contract (due to it having a nominal sum assured of 101% of the amount invested) under current legislation all proceeds from it are liable to no further taxation for anyone other than a higher rate taxpayer (and tax may be “deferred” for them).
- Withdrawals may be made without penalty at any time from the bond subject to our charges (see ‘[charges](#)’) being deducted and the possibility of an MVR.
- The bond also offers a facility to take a regular income (income option requires a minimum £5,000 initial investment) of up to 5% of the original investment with no liability to personal taxes (subject to a maximum of 20 years for the higher rate taxpayer).
- There is no fixed term as the plan is open-ended, although it should be viewed as a medium to long term investment (typically 5 years or more).

## Premiums

- The minimum single Investment payment is £500 with no upper limit.

## What might I get back?

- You will receive the value of your bond on encashment (there may be charges on early encashment, see ‘[charges](#)’). This is made up from the original investments, as shown in your personal illustration, plus any annual bonuses that have been added during the term. There may also be a final extra bonus (known as a terminal bonus) added, but this is not guaranteed.

## What life insurance cover is included?

- On death the Traditional ‘With-Profits’ Bond will pay a minimum of 101% of the original investment including enhancements, less income withdrawn if applicable and any charges incurred prior to the date of death
- On the death of a joint investor, the bond is simply transferred into the sole name of the survivor without any tax liability arising.

## What if the plan is cashed-in early?

- You can encash your plan at any time, however, you might get back less than you paid in, if you cash in early
- Please refer to your personal illustration for some examples of possible encashment values.

## What is an MVR

- If a policy is surrendered at any time it may be necessary, for the protection of continuing policyholders, to make an adjustment to the value paid. This reduction, known as a Market Value Reduction, takes account of the adverse effects of investment market conditions on the underlying assets of the fund.

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## How Flexible is it?

- The Traditional 'With-Profits' Bond is designed for a medium to long term (for example 5 years or longer)

## How will it work for me?

- Within this literature you will find information showing how the Red Rose Traditional 'With-Profits' Bond will work.
- If you have any further queries after reading these Key Features, please contact us direct or speak to your financial adviser.

## Bonuses

- The Red Rose Friendly Society Limited is a mutual organisation owned by its Members (policyholders) and has no shareholders entitled to receive a share of the profits.
- Reversionary Bonuses, calculated on the basis of investment performance, are added to your policy annually, and once added cannot be taken away.
- The level of these bonuses are determined following the yearly valuation of the Society by its appointed Actuaries. In addition a Terminal Bonus may be added when your policy becomes a claim, further increasing your return.

## Charges

- The charges, expenses and other deductions are taken directly from the Fund each year before we work out how much is available to add to customers' plans as bonuses (known as reversionary).
- There is also 1% charge for four years subject to a minimum of 4%. There would be no further charges.

## Cancellation rights

- After your proposal is accepted you will receive a notice of your right to cancel. You will then have thirty days in which you can change your mind.

## Tax

- Tax is paid by the Society on income and gains within the fund, so under current legislation any money received on encashment will be free of any further tax to basic rate taxpayers. (Should you be due to pay higher rate of tax at the time of encashment, you may be liable for the difference between the basic rate of tax and the higher rate of tax at the time of withdrawal). There are no guarantees that changes in tax treatment will not occur in the future.

## Law

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- The Traditional 'With-Profits' Bond is governed by the Law of England, and a court in England or Wales will decide on any dispute.

## The Society

- The Red Rose Friendly Society Limited was founded in 1863 for the mutual benefit of its Members. Total funds are now in excess of £20 million. It is incorporated under the Friendly Societies Act 1992.

## How to contact us

If you have a financial adviser, he or she will normally be your first point of contact. We cannot give you financial advice, only information about our products. If you need advice, but do not have an adviser, we can give you details of where to go to find Independent financial advice.

- If you have any questions at any time you can phone us, send a fax, email, or you can write to us.

Call us on **0800 7310072** during the following times:

Monday to Friday 9.00 am to 5.00 pm

We record all calls for training and monitoring purposes.

Fax number: 01254 222705

Web Site: <http://www.redroseassurance.co.uk>

Email: [info@redroseassurance.co.uk](mailto:info@redroseassurance.co.uk)

Office address:

**The Red Rose Friendly Society Limited**  
**Parkgates**  
**52a Preston New Road**  
**Blackburn**  
**Lancashire**  
**BB2 6AH**

## Your protection

If you need to complain, first write to,

Complaints and Compliance Officer  
The Red Rose Friendly Society Limited  
Parkgates,  
52a Preston New Road  
Blackburn.  
Lancashire, BB2 6AH

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If you are not satisfied with our response, you can complain to:

Financial Ombudsman Service  
Exchange Tower  
London E14 9SR

Tel: 020 7964 1000

- We are members of the Financial Ombudsman Services Scheme and a copy of our complaints procedure is available on request.
- If you have a financial adviser, he or she will only recommend products that are suitable for you. You have a legal right to compensation if, at any time, another authority or we decide you have bought a plan that was not suitable for your needs when the advice was given.
- The Financial Services Compensation Scheme covers your plan. This means that, should the Society become insolvent, you'll be covered for 90% of the value of your plan with no upper limit. For information about the Financial Services Compensation Scheme (Tel: 020 7892 7300).

## Terms and conditions

- This Key Features document gives a summary of The Red Rose Friendly Society's Traditional 'With-Profits' Bond. They do not include all the definitions, exclusions, terms and conditions.

## Data Protection Act

Under the Data Protection Act, you have the right to ask to see any personal information that we may hold about you, and to have any mistakes in this information corrected. You can do this by writing to the data protection officer at our head office. There may be a charge for this.

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