



STERLING

## Investment Bond – Flexible version at a glance

The Sterling Investment Bond is a medium to long-term investment – your client should be looking to invest for five to ten years. The Bond is available in four different structures for greater choice and flexibility. Each maintains the core features of wide fund choice, death benefit options, flexible withdrawal options and access to a range of trusts for IHT planning.

The Flexible version enables you to tailor the Bond's charging structure to suit your client's needs and the requirements of your business model.

Please refer to 'Investment Bond at a glance – High Allocation, Standard and No Exit Penalty' for details of the other three versions.

### Product charges (no commission):

<b>Allocation rate</b> (aged 69 attained or less)	100%	
<b>Allocation rate age reduction</b> (based on age of youngest life insured)	1% for lives insured aged 70 attained to 74 attained 2% for lives insured aged 75 attained to 79 attained	
<b>Maximum allocation rate</b>	103%	
<b>Initial charge</b>	Nil and no bid-to-offer spread	
<b>Tiered fund-based charge each year:</b>	<b>With standard death benefit</b>	<b>Without standard death benefit</b>
£5,000 to £24,999	0.70%	0.625%
£25,000 to £49,999	0.50%	0.425%
£50,000 to £99,999	0.35%	0.275%
£100,000 or more	0.30%	0.225%
	As the fund value changes tiers, the fund-based charge will change for the whole investment	
<b>Loyalty bonus</b>	1% of plan value after five years and 0.5% after ten years	
<b>Exit Penalties</b>	None, unless extra allocation is bought (see below) and/or initial commission (see overleaf) is selected by Establishment Charge	
<b>Commission clawback</b>	None, unless special commission deals apply	

### Optional features:

<b>Enhanced death benefit</b>	Additional charge of 0.55% of fund value each year (see overleaf for details)
<b>Extra allocation</b> (up to 103% overall maximum)	For each 1% of extra allocation bought, an Establishment Charge of 0.2% of the original investment, will be taken each year for five years so your client only pays for the exact amount of extra allocation. (In addition, Exit Penalties of 1% in year one, 0.8% in year two, 0.6% year three, 0.4% in year four and 0.2% in year five will apply during the first five years on surrenders).

### Product terms and core features that apply are:

<b>Age range availability</b>	Three months attained to 79 years attained For discounted gift trusts, all settlors/donors must be aged 85 attained or less
<b>Minimum initial investment</b>	£5,000 (£1,000 for additional investments) £10,000 for Distribution 2 Fund £50,000 for Discounted Gift Trusts
<b>Maximum regular withdrawals (penalty-free)</b>	Up to 7.5% of the plans' value each year (minimum £50 per payment) can be taken proportionately across all funds, or from specified fund(s) as a monetary amount
<b>Number of funds/fund managers</b>	Over 190 from more than 30 fund managers
<b>Maximum number of funds that can be held</b>	20 at any one time and a total of 50 during the lifetime of the Bond
<b>Phased investment</b>	Monies will initially be invested in a money market fund. They will then be switched into the chosen funds in equal monthly amounts over the six month period following initial investment
<b>Switching</b>	Unlimited and free, but we may charge for excessive switching and the fund manager may make an initial charge on the new fund

### Death benefit options:

<b>Standard death benefit (default)</b>	<p>This protects the original investment for the first ten years and is the greater of: 100.1% of the value of the plan or the total amount invested, less all withdrawals. If death occurs in the first ten years as a result of an accident (exclusions apply), we'll pay out the greater of 110% of the value of the plan or the standard death benefit.</p> <p>After ten years, the amount payable on death, would be 100.1% of the value of the plan.</p>
<b>Removal of standard death benefit (optional)</b>	<p>If your client doesn't want the standard death benefit, they can choose to remove it to reduce the tiered fund based charge each year (see overleaf). The amount payable on death would then be 100.1% of the value of the plan. If death occurs in the first ten years as a result of an accident (exclusions apply) we'll pay out 110% of the value of the plan.</p> <p>Please note that, once the standard death benefit is removed, it isn't possible to add it, or the enhanced death benefit, at a later date.</p>
<b>Enhanced death benefit (optional)</b>	<p>If selected, this increases the amount payable on death by locking-in up to 5% growth in the value of the plan, over the previous locked-in amount, every six months. This option is available at outset or on the 10th anniversary subject to simple underwriting, providing your client has the standard death benefit and is available with all funds, at a cost of 0.55% each year. At least one of the lives insured must be aged 65, or under.</p> <p>If death occurs in the first ten years as a result of an accident (exclusions apply), we'll pay out the greater of the enhanced death benefit or 110% of the value of the plan.</p>

## Payment for advice (commission) charges with your client's agreement:

<b>Commission tranches</b>	Each investment your client makes, is held as a separate tranche within their Bond, meaning that different commission can be agreed with them on different investments into your client's Bond.
<b>Trail commission</b>	You can agree up to a maximum of 1.2% each year, paid monthly in advance from outset. Your client will only pay a fund-based charge on a ratio of 0.8 to 1. So, 1% trail commission would only cost your client 0.8% each year.
<b>Initial commission</b>	You can agree with your client up to a maximum of 8%, plus any special deals.
<b>By Initial Charge</b>	Your client will pay an initial charge on a ratio of 0.9 to 1. So, 1% initial commission would only cost your client a 0.9% initial charge. (Note: Initial commission cannot be taken by Initial Charge if any extra allocation is added).
<b>By Establishment Charge</b>	And/or For each 1% of initial commission taken, an Establishment Charge of 0.2% of the original investment, will be taken each year for five years. (In addition, Exit Penalties of 1% in year one, 0.8% in year two, 0.6% in year three, 0.4% in year four and 0.2% in year five will apply during the first five years on surrenders).
<b>Special deal initial commission</b>	This will be advised as appropriate, but will be subject to clawback over three years as follows Year one: 100%, Year two: 66.67% and Year three: 33.33%. This can be sacrificed to reduce your client's tiered fund-based charge by one-tenth of the initial commission deal. So, 0.5% initial commission will reduce the fund-based charge by 0.05% each year.

### Maximum commission combinations (with your client's agreement)

There are many commission combinations available that can be agreed with your client, but these are subject to the following formula (Note: any special deal initial commission is in addition to this):

$$\frac{(\text{Extra allocation} + \text{Initial commission}) + \text{Trail commission}}{10}, \text{ must not exceed } 1.2\%$$

The following table shows the maximum amount of initial and trail commission that can be agreed with your client, depending upon the amount of extra allocation they buy. (These figures are just the 'maxima' allowed under the terms of the Flexible version and should not be an expectation).

1% extra allocation		2% extra allocation		3% extra allocation		4% extra allocation*		5% extra allocation**		6% extra allocation***	
Initial	Trail	Initial	Trail	Initial	Trail	Initial	Trail	Initial	Trail	Initial	Trail
8%	0.3%	8%	0.2%	8%	0.1%	8%	0%	–	–	–	–
7%	0.4%	7%	0.3%	7%	0.2%	7%	0.1%	7%	0%	–	–
6%	0.5%	6%	0.4%	6%	0.3%	6%	0.2%	6%	0.1%	6%	0%
5%	0.6%	5%	0.5%	5%	0.4%	5%	0.3%	5%	0.2%	5%	0.1%
4%	0.7%	4%	0.6%	4%	0.5%	4%	0.4%	4%	0.3%	4%	0.2%
3%	0.8%	3%	0.7%	3%	0.6%	3%	0.5%	3%	0.4%	3%	0.3%
2%	0.9%	2%	0.8%	2%	0.7%	2%	0.6%	2%	0.5%	2%	0.4%
1%	1%	1%	0.9%	1%	0.8%	1%	0.7%	1%	0.6%	1%	0.5%
0	1.1%	0	1%	0	0.9%	0	0.8%	0	0.7%	0%	0.6%

\*This amount of extra allocation is only available to investors where the youngest life insured is aged 70 or older.

\*\*This amount of extra allocation is only available to investors where the youngest life insured is aged 75 to 79.

\*\*\*This amount of extra allocation is only available to investors where the youngest life insured is aged 80 or more, who are topping-up their bond.

## Investment management charges:

<b>Fund series applicable to the Flexible version</b>	A new series of single-priced funds (with no bid-to-offer spread) have been launched and are known as series 2 funds. These funds are suffixed with the number '2' after their name.
<b>Fund management charges and expenses</b>	These range from 0.05% to 2.00% yearly and are fully disclosed on a Total Expense Ratio basis. Full details are shown on our 'Fund charges and expenses (Series 2)' sheet with the key features.



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## Best Investment Bond Provider

### Important information

What your client gets back when they cash-in the investment bond isn't guaranteed. It will depend on investment performance and they may not get back the amount they invested.

Please refer to the Terms and Conditions, Key Feature document and the Flexible Version Adviser Guide for more detailed information. To help you model the various options, charges and commission available, visit our website, [www.zurichintermediary.co.uk](http://www.zurichintermediary.co.uk), to use the Sterling Bond Flexible Terms Modeller, an 'e' based tool which links straight to our online 'Quote and Apply'.

For more information on the Sterling Investment Bond please contact your Zurich Intermediary Group consultant on 0500 546 546.

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